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Editor
Katherine S. Tippett

Managing Editor
Sherry Lowe

Editorial Assistant
Nancy J. Bailey

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Suggestions or comments concerning this publication should be addressed to: Katherine S. Tippett, Editor, **Family Economics Review**, Family Economics Research Group, USDA/ARS, Federal Building, Room 442A, Hyattsville, Md. 20782.

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Family Economics Review

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Issued April 1984

Recent Trends in Clothing and Textiles[1]

By Joan C. Courtless
Family economist

CLOTHING EXPENDITURES AND PRICES

Apparel and upkeep prices in 1983, as measured by the Consumer Price Index (CPI), increased 2.7 percent over those in 1982. This increase was less than the 3.9-percent increase for the "all items" category during the same period (table 1). Within the CPI clothing and footwear categories, women's dresses and women's suits increased more than other clothing items; these garments are those most influenced by fashion, and prices may reflect the value women place on dressing in the current style. As shown by the CPI, prices of men's coats and jackets, men's shirts, girls' clothing, and women's footwear were lower in 1983 than in 1982.

For many years clothing prices have increased at a lower rate than prices for other items. This is one reason for the decline in the percentage of total personal consumption expenditures in current dollars allotted to clothing and shoes since 1960 (table 2). When the effect of inflation is removed (shown by constant dollars in table 2), the percentage of personal consumption expenditures for clothing and shoes remains relatively steady. Per capita expenditures for clothing (in constant dollars) indicate that consumers have increased their clothing purchases over the years.

Annual spending for clothing and shoes in 1983 is estimated at $529 per person, according to preliminary figures for the first three quarters of 1983 (table 2). This amount exceeds 1982 spending by $16 per person; 69 percent of this increase can be attributed to higher prices and 31 percent to increased buying.

[1]Use of commercial or trade names does not imply approval or constitute endorsement by USDA.

TRENDS IN RETAILING

One textile manufacturer has tested, in selected retail stores, an electronic sales device which enables a customer to choose linens through a television monitor. Choices are displayed on the monitor and the customer places an order by typing in appropriate responses as to color, size, number, and so forth. Merchandise is then delivered within 10 days directly to the customer's home, or any address designated by the customer.

Off-price, branded apparel specialty stores continue to grow more rapidly than any other segment of the clothing retail market. In 1983 sales from these stores were 5.6 percent of clothing and shoe sales; projected sales for 1986 and 1988 are 9.1 and 12.1 percent, respectively (4). A nationally representative sample of 1,000 persons were asked by Opinion Research Corporation for the Daily News Record whether their buying of apparel from off-price stores increased in 1983. Responses indicated that those segments of the population most likely to report increased buying from these stores included women (as compared with men), persons 18 to 24 years old, those employed in white collar clerical or sales positions, members of households with children, and members of households with three or more members (3).

TRENDS IN FIBERS AND FABRICS

Although new fibers are not likely to be developed in the near future, existing fibers will continue to be modified and blended in such a way as to produce fabrics which possess the most desirable features of each fiber. Blending manmade with natural fibers can improve durability and washability, and can lower production costs. Fiber producers also try to create yarns which cannot be readily duplicated in other countries. Examples of blends which will be manufactured in 1984 include:

- Rayon--with polyester, silk, or wool.
- Cotton and wool--with silk, linen, mohair, nylon, or acrylic.
- Triacetate--with nylon, polyester, or linen.
- Cashmere--with wool or silk.

Table 1. *Percentage change in selected index of consumer prices, August 1983 (annualized)*

Category and item	Percentage change
All items	+3.9
Apparel and upkeep	+2.7
Men's and boys' clothing	+.6
Men's	+.1
Suits, sport coats, and jackets	+4.0
Coats and jackets	-5.4
Furnishings and special clothing	+3.2
Shirts	-5.2
Dungarees, jeans, and trousers	+.8
Boys'	+2.2
Coats, jackets, sweaters, and shirts	+3.9
Furnishings	+1.9
Suits, trousers, sport coats, and jackets	+.9
Women's and girls' clothing	+4.2
Women's	+6.1
Coats and jackets	+3.8
Dresses	+14.6
Separates and sportswear	+2.9
Underwear, nightwear, and hosiery	+2.8
Suits	+12.9
Girls'	-3.3
Coats, jackets, dresses, and suits	-4.8
Separates and sportswear	-3.1
Underwear, nightwear, hosiery, and accessories	-1.5
Infants' and toddlers' clothing	+4.3
Other apparel commodities	+4.1
Sewing materials and notions	+1.7
Jewelry and luggage	+5.1
Footwear	-.2
Men's	+.6
Boys' and girls'	+1.3
Women's	-2.2

Source: Calculated from the CPI Detailed Report, December 1982 and August 1983, U.S. Department of Labor, Bureau of Labor Statistics.

Table 2. *Annual expenditures on clothing and shoes*[1]

Year	Per capita expenditures[2]: Constant dollars (1972)	Per capita expenditures[2]: Current dollars	Percent of expenditures for personal consumption: Constant dollars (1972)	Percent of expenditures for personal consumption: Current dollars	Aggregate expenditures: Billions of constant dollars (1972)	Aggregate expenditures: Billions of current dollars
1960	203	148	8.1	8.2	36.6	26.7
1961	203	149	8.1	8.2	37.3	27.4
1962	209	154	8.1	8.1	38.9	28.7
1963	209	156	7.9	7.9	39.6	29.5
1964	222	166	8.1	8.0	42.6	31.9
1965	227	172	7.9	7.8	44.2	33.5
1966	239	186	8.0	7.9	46.9	36.6
1967	236	192	7.8	7.8	46.9	38.2
1968	242	208	7.7	7.8	48.6	41.8
1969	245	223	7.6	7.8	49.6	45.1
1970	240	227	7.4	7.5	49.2	46.6
1971	249	244	7.5	7.6	51.6	50.5
1972	264	264	7.5	7.5	55.1	55.1
1973	281	291	7.7	7.6	59.2	61.3
1974	279	308	7.8	7.3	59.1	65.3
1975	288	328	7.9	7.2	61.4	70.1
1976	293	345	7.7	6.9	63.8	75.3
1977	306	375	7.8	6.9	67.5	82.6
1978	331	415	8.1	6.9	73.6	92.4
1979	341	440	8.3	6.6	76.7	99.1
1980	342	459	8.4	6.3	77.9	104.6
1981	362	502	8.7	6.2	83.2	115.3
1982	364	513	8.7	6.0	84.4	119.0
1983[3]	369	529	8.6	5.8	86.4	124.0

[1] Includes yard goods, but excludes services such as cleaning and repairing clothing and shoes.

[2] Calculated by dividing aggregate expenditures for each year by population figures for July of each year.

[3] Preliminary figures--average of estimates for first 3 quarters of 1983 (i.e., seasonally adjusted quarterly totals at annual rates).

Sources: U.S. Department of Commerce, Bureau of the Census, 1983, Population estimates and projections, Current Population Reports, Series P-25, No. 938. U.S. Department of Commerce, Bureau of Economic Analysis, 1983, Survey of Current Business 63(7):35-36 (tables 2.2 and 2.3), and personal communication.

Rayon is expected to replace cotton in many blends because the 1983 cotton crop was smaller than usual, causing relatively high cotton prices. Cashmere will be used in combination with other fibers in an effort to contain costs and because China is not exporting its finer cashmere. Fibers that may replace cashmere in blends include camel hair, angora, llama, alpaca, mink, yak, musk ox, and buffalo.

Consumers familiar with polypropylene in disposable diapers and thermal underwear will become aware of new applications in the next few years. Because polypropylene (called Insulite by one producer) can provide warmth without weight and can draw the body's moisture away from the skin, its insulating properties effectively provide comfort in both cold and hot weather. Skiwear, swimwear, running shorts, golf shirts, professional sports uniforms, and bedsheets are among the products to be manufactured of polypropylene.

"Migration dyeing," a hand dyeing process, gives a patterned, intarsia effect usually achieved by knitting with different colored yarns. The technique involves the transfer of water-soluble reactive dyes from an inert paper support through liquid to the fiber, under heat and pressure; the dye is completely absorbed and is colorfast. Migration dyeing is limited to sweaters made of natural fibers and results are improved if the sweaters are prewashed by machine prior to dyeing. A disadvantage is that a light dye will not transfer onto a dark sweater.

Five textile mills are now producing stretch denim using a stretch polyester filament yarn from Du Pont or Celanese. Each mill has a trade name for its fabric which has 18 to 20 percent stretch and is ordinarily 65 percent cotton and 35 percent polyester. As much as one-quarter of the denim market could belong to stretch denim within 5 years (8).

Cotton's share of men's and women's apparel is 51 and 27 percent, respectively. This represents an increase of 19 and 69 percent, respectively, over the last 7 years (2). Consumer acceptance of "natural blend"--fabric made of at least 60 percent cotton--has contributed to this increase. Manufacturers are increasing production of cotton sweaters, which have proven to be a year-round favorite with consumers because of their comfort and washability.

Engineers with USDA's Agricultural Research Service (ARS), Eastern Regional Research Center (ERRC), have designed an experimental facility to automate cowhide processing operations. Because of the uneven shape and irregular size of raw hides, the level of automation in tanning has remained low until this time. The facility includes an automatic feeding device, conveyor systems to transport hides through soaking and chemical unhairing, mechanical unhairing and fleshing, and an automatic hide-splitting system. Called "continuous beamhouse" (hides used to be hand treated on logs or beams), this process offers many advantages in addition to being the cleanest, most self-contained processing operation yet developed, according to ERRC. The advantages include savings in labor and water, less pollution, shorter processing time, less use of chemicals, better use of equipment, and improvement in quality of the leather.

Scientists in the Southern Regional Research Center, ARS, USDA, who developed a no-twist cotton yarn[2] will cooperate with Cotton, Inc., in testing the yarn's suitability for commercial applications. ARS personnel will produce the no-twist yarn, and Cotton, Inc., will evaluate its performance in various products. Fabrics made from no-twist cotton are soft and very absorbent and would be appropriate for sportswear, underwear, socks, and toweling.

USDA's Textile and Clothing Laboratory at Knoxville, Tenn., has recently discovered that hollow fibers, such as polyester and rayon, can be made temperature adaptable by incorporating certain "phase change" materials into the fiber. These materials can melt and recrystalize to produce a warming or cooling effect, thereby offering thermal

[2] For further information, see Family Economics Review, spring 1980, p. 27.

storage and release capabilities to the fibers. Apparel made of these fibers can be comfortable in both summer and winter; home furnishings such as draperies and blankets can have insulative value.

OUTLOOK FOR RAW MATERIALS

The 1983 U.S. mill use of total fibers is estimated at 51.6 pounds per capita. This includes 11.8 pounds of cotton, 0.6 pound of wool, and 39.2 pounds of manmade fibers. Per capita use in 1982 was 43.7 pounds, including 10.7 pounds of cotton, 0.5 pound of wool, and 32.5 pounds of manmade fibers. In the years since 1965 (11), the record per capita use for all fibers was 61 pounds in 1973, 25.1 pounds of cotton in 1966, 2.9 pounds of wool in 1965, and 42.4 pounds of manmade fibers in 1978.

World production of fibers reached a high in 1981 with 31.1 million metric tons (MMT); 1982 production totaled 29.4 MMT. Production of cotton and manmade fibers also peaked in 1981 at 15.4 and 14.0 MMT, respectively; production decreased in 1982 to 14.7 and 13.0 MMT. In contrast, world wool production has shown a slight increase every year since 1976, reaching 1.6 MMT in 1982. Natural fibers were 56 percent of world fiber production in 1982, the largest percentage since 1975 (9, 12).

Cotton

The 1983 domestic cotton crop is expected to be about 7.8 million bales, down 35 percent from last year. Almost 7 million of the 15 million acres ordinarily devoted to cotton went unplanted in response to USDA's payment-in-kind (PIK) program.[3] Also, the average yield per acre dropped to 503 pounds per acre, down from 590 pounds in 1982, mainly because of poor weather. Favorable economic conditions have encouraged an increased demand for cotton and other fibers because consumers are indicating a willingness to increase their spending for goods of all kinds. Therefore, the reduction in cotton supply may lead to higher prices in 1984. During the first 7 months of 1983, the price of cotton averaged 75 cents a pound, 6 cents more than for the same period in 1982.

Approximately 30 percent of 1982 cotton imports were made from U.S. cotton (or cotton textiles). About 90 percent of U.S. cotton textile imports from Korea are made of U.S. cotton; corresponding figures for Taiwan, Japan, and Hong Kong are 70, 44, and 32 percent, respectively.

Wool

U.S. wool production for 1983 is estimated at almost 6 percent below the 1982 yield and about 9 percent below the 1981 yield. Mill consumption of apparel wool for the first 6 months of 1983 was 12 percent higher than that for the same period in 1982. Imports of raw wool for apparel in the first 6 months of 1983 were 13 percent below imports for the same period in 1982. U.S. farm prices for wool in the first 7 months of 1983 were an average 10 cents per pound lower than for the same period in 1982 and 30 cents per pound lower than for January to July 1981.

Mohair

Supplies of mohair, worldwide, have been sold out as soon as they became available. Mohair blends are used by designers of women's coats, sweaters, suits, and so forth, instead of the more costly angora and cashmere.

U.S. exports of mohair in the first 6 months of 1983 were 22 percent higher than for the same period in 1982. Over 60 percent of the exports were shipped to the United Kingdom.

Manmade Fibers

Shipments of manmade fibers by U.S. producers during the first 7 months of 1983 were 12 percent above shipments a year earlier (13) but 12 percent below the 1981 level (10). During the first 6 months of 1983, 72 percent of all fibers consumed by U.S. mills were manmade (13).

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[3]Cotton farmers participated in the PIK program to a greater extent than anticipated. Under PIK, farmers are to receive, in return for cutting back acreage, cotton surplus from previous years totaling 1.3 million bales.

DEVELOPMENTS IN THE EXPORTING AND IMPORTING OF FIBERS, FABRICS, AND APPAREL

The trade deficit in 1982 for the U.S. textile and apparel industries was the largest in history--$6.3 billion. In 1983 this trade deficit should be even higher; for the first half of 1983 it was 34 percent higher than during the same period in 1982. In square yards equivalent, imports were 20 percent higher for January to August 1983 than for the comparable period in 1982; corresponding increases by fiber were: Cotton--14 percent, wool--20 percent, and manmade--24 percent. Imports now account for about one-third of all apparel sold in the United States. About 25 percent of apparel imports are brought into this country by U.S. manufacturers of clothing (7); they contend their costs would double if the garments were made here.

Most imports come from Hong Kong, Taiwan, and South Korea. Quotas imposed by bilateral trade agreements with these countries permit only 0.5 to 1.0 percent growth in categories considered particularly damaging to U.S. manufacturers, such as cotton knit shirts for men and boys, wool coats for women, and manmade fiber blouses. Other categories, believed to be comparatively less threatening to domestic suppliers, are uncontrolled but subject to "consultation calls." When the U.S. market is disrupted[4] by a country's product not under quota, a consultation call cuts off new exports of the item from that country without prior warning. During the first 9 months of 1983, 67 calls were invoked and millions of dollars worth of goods were embargoed.

[4]Market disruption by an exporting country is determined by the Committee for the Implementation of Textile Agreements, composed of representatives from the U.S. Departments of Commerce, Labor, State, and Treasury. The U.S. Department of Commerce is responsible for proving market disruption and must offer evidence, including data regarding declines in U.S. production, employment, and mill capacity; a surge in imports; and extremely low prices of imported goods in comparison to American goods.

About half of import growth in 1983 was in products controlled by specific quotas, generally from the "big three" nations and China; the other half is in products not covered by specified quotas from all exporting countries. As quotas are filled, U.S. importers switch to similar items not subject to quotas; for example, when a quota for cotton sweaters was filled, sweaters made of a ramie/cotton blend were imported. When quotas are neared, the exporting country raises prices dramatically, and American goods become more competitive.

A new 5-year bilateral trade agreement with China was signed on August 19, 1983, which permits U.S. imports of designated Chinese textile items to grow by 3 to 4 percent annually. Because the volume of Chinese imports has increased so rapidly in recent years, U.S. negotiators stressed minimum growth rate rather than actual reduced volume.

On August 22, 1983, the International Trade Commission found that U.S. textile companies suffered economic injury from China's dumping of cotton-polyester cloth. These goods were found to be priced 22.4 percent below the fair market value, which will be the amount of fine imposed on China retroactive to March 3, 1983, when the Department of Commerce first detected dumping. The Chinese share of the U.S. cotton-polyester printcloth market went from 0.8 percent in 1979 to 17 percent in the first 6 months of 1982 (6).

FEDERAL LEGISLATION AND REGULATIONS RELATED TO TEXTILES AND APPAREL

Flammable Fabrics Act

Final rules on the enforcement and administration of the Flammable Fabrics Act became effective in June 1983 (1) regarding the use of alternative tests to prove compliance with the flammability standards for clothing textiles and children's sleepwear. The rules stipulate under what conditions tests may be used that utilize equipment or procedures other than those designated in the flammability standard.

Between 1975 and July of 1983, a product that failed to meet Federal flammability standards was prohibited from sale in this country, and from export to another country unless the manufacturer informed the Consumer Product Safety Commission (CPSC) that the product would be manufactured exclusively for export. In July 1983 the CPSC voted to allow such goods to be exported, if labeled properly, upon 30 days notice to CPSC. The importing country would then be notified and given the opportunity to reject the shipment.

In 1977, when the CPSC banned domestic sales of children's sleepwear treated with tris, some textile and apparel manufacturers and retailers experienced financial losses. Legislation permitting these companies to apply to the U.S. Court of Claims for compensation from the Government was passed early in 1983.

Care Labeling of Textile Wearing Apparel and Certain Piece Goods

The Federal Trade Commission has amended, effective January 2, 1984 (5), the current labeling rule which became effective July 1972. The current rule has been difficult to enforce because it does not clearly state what information should be on care labels. The amended rule is designed to eliminate problems which occurred because of insufficient, inconsistent, or inaccurate care labeling. It will identify in greater detail the washing or drycleaning information which should be included on a permanent care label, provide standardized language that can be used in the instructions, and require that any care instructions be supported by test results, current technical literature, or past experience. The same information must appear at the end of the bolt or roll of fabric if intended for home-sewn wearing apparel. Specific requirements include:

- Care labels must be attached in such a way that they can be seen or easily found before product is purchased; if prepackaged, care instructions may also appear on package exterior.
- Either washing or drycleaning instructions are required; if either is acceptable, the manufacturer may select which set of instructions to put on label--both are not needed.
- If a washing procedure is described, the label must specify whether machine or hand washing is desirable.
- If regular use of hot water will not harm the product, the label need not specify water temperature.
- Care labels must state whether the product should be dried by machine or some other method. When machine drying is specified, drying temperature must be included unless hottest setting will not harm product.
- Ironing instructions must be given if ironing is needed to preserve the product's appearance. If ironing is mentioned, a temperature setting should be specified unless a "hot" iron will not harm the product. If ironing would damage the product, a warning is required.
- If all available bleaches can safely be used on a regular basis, the label need not mention bleaching. If only non-chlorine bleaches can be used, the label must specify "only non-chlorine bleach, when needed." If all bleaches would be harmful, the label should specify "no bleach." Also, if product is bleachable, a "no bleach" warning is prohibited.
- A care label does not have to warn against washing methods not recommended on the label; also, if the care label includes washing instructions it need not warn against dry cleaning. (The reverse is also true).
- If drycleaning instructions are given, a solvent should be specified unless any commercially available solvent can be used. If any regular step of the drycleaning procedure would harm the product or other items being cleaned with it, a warning must be included on the label. The terms "drycleanable" and "commercially dryclean" are prohibited because they do not have a clear meaning for consumers and drycleaners.

The Commission has also provided a glossary of standardized terms. The glossary includes some terms and definitions which were developed by the American Society for Testing and Materials; these were found to be clear and meaningful to consumers by the

Federal Trade Commission. Other terms, including "machine wash," "hand wash," "home launder," "wash separately," all bleaching instructions, and all drycleaning instructions, were redefined by the Commission.

Other Labels

On August 4, 1983, legislation (S.1816) was introduced and referred to committee that would require U.S. apparel and textile manufacturers to identify their products as made in this country. Imported items would identify the country of origin. This label would be placed in the most conspicuous place possible on the inside of the garment, and for packaged products country of origin (including the United States) would be placed on the package exterior. Mail-order catalogs would be required to identify country of origin, also.

Many segments of the textile and apparel industry are voluntarily promoting "made in America." Promotions include the National Knitwear and Sportswear Association's "American knitwear--made in the USA" and the American Wool Council's "made-in-America from American wool."

Occupational Exposure to Cotton Dust

The Occupational Safety and Health Administration (OSHA), U.S. Department of Labor, after spending 2 years reviewing the cost and effectiveness of the Federal cotton dust safety standard, concluded that both individual respirators and engineering controls for ventilation are needed to protect textile employees. OSHA has proposed a revised standard which retains the requirement that the textile industry meet permissible exposure levels by installing engineering control equipment. Exempted in the revised standard (14), however, are segments of the nontextile and knitting industries where there is no evidence of significant risk from exposure to cotton dust.

About 80 percent of textile mills have incorporated engineering controls and find the equipment is improving productivity and employee morale. Based on measurements of cotton dust levels in mills, OSHA estimates the incidence of byssinosis or brown lung disease has decreased by 35 to 40 percent since 1978.

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Credit Card Use in the United States

Credit cards are widely used throughout the United States. According to the Board of Governors of the Federal Reserve System, there are currently almost 600 million credit accounts in existence with outstanding balances totaling more than $75 billion. A recent study by the Board of Governors pulled together several surveys that examined (1) the impact of credit cards on the costs incurred by retailers and creditors, the pricing of goods and services, and the volume of retail sales; and (2) the attitudes of consumers and retailers toward discount-for-cash programs. The overall purpose of the study was to determine if, and to what extent, cash-paying consumers subsidize credit card users when they both pay the same prices at the retail level. Findings indicate that (1) transaction costs for credit cards are typically 2 to 3 percent higher than similar costs for cash and checks, (2) these higher costs are not offset by increased sales, (3) credit card usage increases the price of a given item by about 1 percent, and (4) consumers who pay cash for their purchases help to cover the costs incurred by retailers when they provide credit to others.

Assumed incremental sales above the cash-only volume was the dominant reason retailers first honored credit cards; they believed that consumers, lacking cash on hand or in the bank, would spend greater amounts. There is little evidence to support this theory, however. Neither is there any evidence indicating a particularly strong relationship between impulse buying and credit cards; credit card use probably influences the timing of purchases more than the amount or number of purchases. A retailer's objective in extending credit today may be defensive--to avoid losing sales to competitors who do honor credit cards.

There are several kinds of costs that retailers incur from a sales transaction. These costs include (1) point-of-sale costs (such as time and personnel needed to write sales slips, make change, and verify identities); (2) loss and security costs (from thefts, bad checks, and credit card fraud); and (3) deposit and financial costs (such as bank service charges). An April-May 1983 survey by the Board of Governors of 700 stores asked retailers to compare these costs for cash, checks, and credit cards. For point-of-sales costs, most retailers considered credit cards more costly than cash and checks. For loss and security costs and deposit and financial costs, however, most retailers saw little or no difference among the three. An additional cost of credit cards is the "merchant discount" fee paid by retailers to third-party card issuers. This fee is figured as a percentage of the volume of credit card sales (typically 1 to 5 percent).

Although retailers believe credit cards have a minimal impact on their transaction costs and prices, legislators have considered several measures to protect consumers from paying the higher prices charged by retailers who accept credit. These include eliminating interest rate ceilings or any other barriers that prevent creditors from charging the full cost of credit to credit users; and establishing a two-tier pricing system that would allow discounts for consumers using cash, or surcharges for those using credit cards. The Cash Discount Act of 1981 (P.L. 97-25), which is now in effect, encourages discounts for cash purchases and bars surcharges for credit card purchases. Currently about 25 percent of gasoline stations and 6 percent of other retailers offer discount-for-cash programs. Since only 15 to 30 percent of total sales are credit card sales and retailers regard the difference among cash, check, and credit cards as a relatively small proportion of the transaction amount, most do not offer discounts for cash. Although a measurable shift from credit to cash use is likely when retailers offer discounts, there seems to be only minimal savings to the retailer, especially if the credit customer switches from paying with a credit card to paying with a check.

Source: Board of Governors of the Federal Reserve System, 1983, Credit Cards in the U.S. Economy: Their Impact on Costs, Prices, and Retail Sales. (Single copies of this report are available free of charge from the Board of Governors of the Federal Reserve System, Washington, D.C. 20551.)

Food Price Trends[1]

In recent years food price increases have trended downward. Since 1979, when food prices rose nearly 11 percent, prices have risen at successively lower rates each year. In 1983 food prices rose about 2 percent, marking the smallest increase since 1967. Also, 1983 was the eighth time in the last 9 years that annual food prices rose less than the general inflation rate.

Price increases have slowed in recent years for both food at home and food away from home. Prices for food at home, representing food purchased in grocery stores, rose nearly 11 percent in 1979, but rose only about 1 percent in 1983. Prices for food purchases away from home in restaurants, cafeterias, and fast food establishments rose about 4 percent in 1983, compared with more than 11 percent in 1979.

The underlying cause of food price changes can be seen in the table. The retail cost of the USDA's market basket represents domestically produced farm foods sold in grocery stores, and consists of two parts--the farm value and the farm-to-retail price spread. The farm value represents about one-third of the retail cost. The farm-to-retail price spread is the difference between farm value and retail costs, and represents all of the costs incurred in transforming raw farm products into finished foods and making them available to consumers. The market basket does not include imported foods, fish, and seafood.

The farm value of food rose at a decreasing rate in each of the last 3 years, and in 1983 the farm value of food declined. This trend developed in part from rising crop production and weak domestic and foreign demand for agricultural commodities as a result of the recession and the loss of some grain export markets. This, coupled with large supplies of livestock products, depressed farm prices in 1983.

[1]This article is abstracted from "The 1984 outlook for food prices and consumption," a talk presented by Ralph L. Parlett of the Economic Research Service, USDA, at the 1984 Agricultural Outlook Conference in November 1983 at Washington, D.C.

Market basket statistics

Category	Relative weight	Changes from previous year (percent)		
		1979	1980	1981
Retail cost	100	11.7	7.2	7.7
Farm value	33	10.7	5.5	2.8
Farm-to-retail price spread	67	12.3	8.3	10.5
		1982	1983[1]	1984[2]
Retail cost	100	3.8	1.1	3- 6
Farm value	33	1.0	-4.5	4- 7
Farm-to-retail price spread	67	5.1	4.0	2- 5

[1]Preliminary.
[2]Forecast.

Increases in the farm-to-retail price spread have also slowed in recent years. Since the farm-to-retail price spread accounts for about two-thirds of the retail price of the market basket, smaller increases in food marketing costs exert a significant impact on food prices. The farm-to-retail price spread rose about 4 percent in 1983, less than half as much as in 1981.

In 1984 food prices will average 4 to 7 percent above 1983 prices, with relatively low prices moving into 1984 and higher prices at the end of 1984. Further increases in marketing costs, a moderate rise in prices of farm commodities, and stronger consumer demand prompted by higher real disposable personal income are the primary reasons for the increase. The 1983 drought is responsible for about 1.0 to 1.5 percentage points of the increase. While the drought's impact on the yearly increase in food prices is relatively small, most of its impact on price increases will come at one time--in the summer and fall of 1984. Early in the year, food prices will rise at a relatively slow rate, but prices--particularly meat prices--are expected to go up sharply from July to September, when the adjustment in livestock production due to the drought reduces beef and pork supplies.

Economic Outlook for Families—1984

By Colien Hefferan
Economist

Recovery from the recession of 1981-82 has been the most important economic development affecting families in 1983. The economy began a sharp upturn during the first half of the year, with real Gross National Product (GNP) increasing at a near record 9.7-percent annual rate in the spring. Estimates show real GNP grew at a 7.7-percent annual rate in the third quarter.[1] Although the pace of recovery has moderated somewhat over the past several months, most indicators suggest that 1983 and 1984 will be characterized by economic expansion. Overall, real GNP is expected to show a 6.0-percent increase in 1983 and about a 4.5-percent increase in 1984, reflecting both increased economic activity and reduced inflation. As the recovery progresses, families should benefit from improved employment opportunities and relatively stable prices.

The economic recovery and other trends, such as deregulation of the banking industry, changes in Federal income tax laws, and proposed revisions in State property laws, are creating a new environment for family financial decisionmaking. Economic uncertainty may be giving way to growing complexity as the major problem facing families as they manage their resources. This paper reviews the economic conditions and trends affecting both the income and expenditure sides of the family ledger, as well as indicators of the ability of families to balance the two. Family financial management issues are examined in light of current economic conditions and the outlook for the future.

[1]Estimates of GNP are published monthly in the Survey of Current Business, U.S. Department of Commerce, Bureau of Economic Analysis.

Income

1983 may be the first year since 1979 in which there is an increase in median family income adjusted for increases in consumer prices. Although household income data for 1983 will not be available until the March 1984 Current Population Survey (CPS), the personal income component of the National Income and Product Accounts (NIPA), an aggregate measure of income available to individuals and families, showed a 5.9-percent increase (about 3.0 percent adjusting for inflation) between the second quarters of 1982 and 1983 and is continuing to rise at an increasing rate.[2] This general rise in personal income is unlikely to benefit all families equally, however. In 1982, for example, the decline in real median income was greater among married couple families, black families, families of Spanish origin, and families living in the West than among other types of families (see table). In the same year, farm family income rose, whereas nonfarm family income declined. In 1983 this relationship is likely to be reversed as a result of the summer drought.

During the past decade the real income position of families has eroded, whereas nonfamily households[3] have maintained or improved their level of real income. Income remains much lower in nonfamily households than in families, however. Nonfamily households rely on transfer payments and other nonearned sources of income more than families do. Until very recently, nonearned income (such as social security benefits, which are indexed to increases in consumer prices) has grown more rapidly than wages and salaries.

The decline in family income and the maintenance and improvement in nonfamily

[2]Income data from the CPS and the NIPA are not directly comparable. Only limited trend information on family income can be derived from the NIPA. See "Interpreting statistical data in family economics," by Colien Hefferan, et. al., Family Economics Review 1983(1):21-26.

[3]Includes primarily persons living alone, including an increasing number of young persons delaying marriage and older, retired persons.

income is especially pronounced when after-tax income is examined. Since nonfamily households tend to be concentrated at the low end of the income distribution, the redistributive aspect of the Federal income tax system, coupled with extra exemptions for older persons and nontaxed transfer payments, has acted to preserve the disposable income of these households (7). At the same time, the tax burden on family households has risen faster as a result of rising nominal incomes and little offsetting increase in personal exemption and zero-bracket amounts. The larger the family, the greater has been the rate of increase in relative tax burden. For example, a couple earning median income with two dependents will pay about 9.9 percent of the 1984 earnings in Federal income tax, compared with 6.9 percent in 1960. A couple with four dependents will pay 8.4 percent in 1984, compared with 2.6 percent in 1960 (5).

Comparison of median family money income in 1982 and 1981, by selected characteristics

Characteristic	Median family income			Percent change in real money income
	1982	1981		
		Constant dollars	Current dollars	
All families	$23,433	$23,761	$22,388	-1.4
Type of family:				
Married couple families	26,019	26,630	25,065	-2.2
Wife in paid labor force	30,342	31,040	29,247	-2.2
Wife not in paid labor force	21,299	21,571	20,325	-1.3
Female householder, no husband present	11,484	11,632	10,960	-1.3
Race of householder:				
White	24,603	24,959	23,517	-1.4
Black	13,599	14,079	13,267	-3.4
Spanish origin	16,228	17,406	16,402	-6.8
Residence:				
Nonfarm	23,585	23,937	22,554	-1.5
Farm	18,756	18,129	17,082	3.5
Region:				
Northeast	24,918	25,159	23,706	-1.0
North Central	24,219	24,535	23,118	-1.3
South	21,500	21,844	20,582	-1.6
West	24,624	25,337	23,873	-2.8
Number of earners:				
No earners	9,911	9,987	9,410	-.8
1 earner	18,913	18,707	17,626	1.1
2 earners	28,073	28,507	26,860	-1.5

Source: U.S. Department of Commerce, Bureau of the Census, 1983, Money income and poverty status of families and persons in the United States: 1982, Current Population Reports, Series P-60, No. 140, (advance data from the March 1983 Current Population Survey).

Although real income may rise for all types of households in 1983 and 1984, these trends suggest that nonfamily households may experience a larger increase in disposable income than will families. This pattern could change, however, if pretax income in families increases at a faster rate than in nonfamily households. This could be the case if earnings continue to increase significantly more rapidly than transfer payments.

Changes in the level of family income are accompanied by changes in the number and percent of persons below the poverty line. In 1982, when real median income declined 1.4 percent, the poverty rate rose from 14.0 to 15.0 percent. Poverty rates increased among whites, persons of Spanish origin, and blacks. The age structure of poverty changed significantly in 1982 with the poverty rate among children under 18 years old rising from 19.8 to 21.7 percent, while the rate among persons 65 years and over showed no significant change from the previous year (8).

Poverty rates are influenced not only by income but also by eligibility standards for Government aid programs and by inflation, which affects the poverty threshold.[4] In the absence of major changes in eligibility standards, rising family income and moderating inflation in 1983 and 1984 should act to reduce the poverty rate.

Employment is the major factor influencing income. Personal and family income are expected to increase overall in 1983 and 1984 not because the earnings of currently employed workers will rise significantly, but rather because the number of employed persons is expected to rise and the incidence of unemployment to decline. Workers with jobs during all of 1980, for example, earned 2-1/2 times as much as those who were unemployed during all or part of the year (6). In 1981 families with one or more unemployed members had a median income about 33 percent less than families with no unemployment (9).

During 1983 unemployment declined from the post-World War II record of 10.8 percent in December 1982.[5] In October civilian unemployment was 8.8 percent. There has also been a reduction in the number of persons involuntarily working part time because of the unavailability of full-time jobs. During the same period, the number of employed persons has grown by about 3.0 million, with adult men and women sharing about equally in the increase. Average hours of work and hourly earnings have edged upward slightly during the first half of 1983. The employment earnings picture is expected to continue slowly improving into 1984, with unemployment at the end of the year in the 8.0- to 8.5-percent range.

The long-term forecast for employment and income is mixed, however. In a report entitled The Future of Work, the AFL-CIO predicts persistently high unemployment throughout the eighties as a result of technology replacing workers, the high exchange value of the dollar encouraging imports, and rapid entry of women, minorities, and young people into the labor force (1). They also predict that the labor force will become polarized into a two-tier occupational structure with executives, scientists, engineers, and managers in one group and low-paid workers performing unskilled, repetitive, and replaceable tasks in the other. This polarization and loss of a skilled, middle class will result in a widening earnings and income gap between workers. Families that by choice or circumstance have only one earner would be at greatest economic risk in this scenario. In particular, single-parent households, most often headed by women who are less likely to hold upper-tier jobs, could fall victim to lost economic opportunities if middle-class jobs become scarce.

Others argue that the introduction of high technology jobs will result in only a modest rearrangement in the income and occupational structures (4) and that changes in jobs can

[4] The poverty threshold for a family of four was $9,862 in 1982. The threshold is expected to increase to about $10,200 in 1983.

[5] Employment data is published monthly in News and Employment and Earnings, U.S. Department of Labor, Bureau of Labor Statistics.

have a positive effect on work (3). As jobs have changed, so have family labor force patterns. Many of the low responsibility, unskilled, and replaceable jobs available in the service sector, for example, blend well with family responsibilities, resulting in continued growth in the number of two-earner families. The income position of the middle class may be as much influenced by this as by the potential polarization of occupations. Technology may allow more decentralization of work, which could result in increased flexibility and control over work schedules and less conflict between work and family roles.

Expenditures

Consumer expenditures, which account for about two-thirds of transactions in the U.S. economy, are poised for an upturn. The Index of Consumer Sentiment, which often signals improvement in buying plans, measured 91.5 in the second quarter of 1983, the highest level since 1972.[6] Overall, economic indicators show incomes are rising, household debt loads are relatively low, and asset levels are high. In spite of this apparent willingness and ability of consumers to buy, a major burst of spending has been slow to start in 1983. After increasing in the spring, retail sales declined 1.4 percent in August. This 1-month decline in sales may be attributed to isolated conditions such as shortages of new cars, the telephone strike, and Hurricane Alicia. By yearend and into 1984, consumer spending is expected to show a sustained upward trend.

Prices and the rate at which they change are major factors influencing spending. During the first 9 months of 1983, the Consumer Price Index for all Urban Consumers (CPI-U) rose at a seasonally adjusted annual rate of 3.7 percent, slightly lower than the 3.9-percent rate in 1982. The rate of price increases has accelerated during the year, however, with prices advancing at a 5.3-percent compound annual rate in the third quarter compared with a 0.4-percent compound annual rate in the first quarter.

Energy prices have been the dominant factor influencing the CPI-U during 1983 (2). In the first quarter of the year, energy costs decreased at a 25.1-percent annual rate. In the second quarter, energy costs increased at a 21.0-percent annual rate to nearly offset the earlier decline. In recent months, gasoline and household fuel prices advanced slightly. Shelter costs, excluding energy, have increased in 1983 at a slightly faster rate than in 1982. Medical care services, transportation services (including auto financing and public transportation costs), and food prices have increased at a lower pace thus far in 1983 than in 1982. The prices for commodities used by families--such as new cars, household furnishings, and apparel--fluctuate widely from month to month, but as a group have increased at about the same or slightly slower rate than in 1982.

Forecasts for consumer price inflation in 1984 range from 4.5 to 6.0 percent, depending on expectations for food prices and interest rates. Most forecasts indicate a slightly accelerating rate over the course of the year. Underlying the moderating rate of inflation in 1983 and 1984 are relatively small increases in wage demands. Increases in wages have been lower in 1983 than in the past 20 years and are expected to remain low in 1984. Labor costs comprise about two-thirds of the costs of producing and distributing consumer goods and services. With low and predictable increases in costs of this factor of production, the likelihood of unanticipated spurts in prices in 1984 is very low.

High and unanticipated inflation in past years created a variety of problems and generated some consumer spending and financial management practices with detrimental, long-term consequences for families. Many families are now living with the consequences of decisions based on inflationary expectations. In periods of rapid inflation, market information about prices quickly becomes obsolete. This can lead to careless purchasing or buying in anticipation of

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[6] This measure of consumer confidence is collected as part of the Survey of Consumer Attitudes, by the Institute for Social Research, University of Michigan. Richard T. Curtin is director of the survey.

price increases rather than buying to meet real needs. Inflation reduces the value of cash balances, leading some families to completely deplete cash reserves in favor of illiquid, but inflation-resistant, assets. Inflation also reduces the real costs of borrowing, encouraging families to mortgage future earnings to meet current consumption wants and needs. Inflation can lead to short-term investment rather than long-term capital development. Although all of these practices may be appropriate and effective when inflation rates are high and accelerating, as inflation rates moderate and stabilize, new spending criteria and financial management practices need to be developed.

Interest rates exert a major influence on consumer spending, particularly for durables such as appliances, autos, and houses. The sensitivity of consumers to changes in interest rates is evidenced in the sharp upswings and downturns in demand for houses and autos that accompany changes in mortgage and installment credit rates. These shifts are attributable both to changes in families' ability to qualify for credit at different interest rates and to their willingness to pay the finance charges associated with borrowing money.

From autumn of 1982 through late spring of 1983, interest rates (including home mortgage and installment rates) trended steadily downward. In early summer, however, rates again began to climb, with home mortgage rates peaking at 13.7 percent in July. Real interest rates, that is, nominal rates adjusted for inflation, continue to be historically high in spite of the economic recovery. For example, adjusting the current mortgage rate of 13.7 percent for the 3.7-percent annual rate of increase in the CPI-U, real mortgage rates are about 10.0 percent, or twice the level of real rates in 1960.

Opinion is strongly and widely divided on the outlook for interest rates in 1984. At issue is the impact of funding the Federal budget deficit on the demand for credit. Those who see interest rates rising argue that funding the Federal deficit will squeeze the credit markets, putting renewed pressure on rates. Others argue that rates can be stabilized through the use of monetary policy and continued efforts to control the deficit. Under either circumstance, the forecasts do not call for major swings in rates charged to consumers in 1984.

Interest rates paid by consumers in 1984 will continue to be influenced by deregulation in the banking industry which began in 1980. During the past 3 years, interest rates and deposit terms on savings and transaction accounts at commercial banks and thrift institutions have been deregulated. One result of this process has been an increase in market-determined, variable interest rate accounts, which impose higher costs on financial institutions than did older, fixed rate accounts. As interest rate ceilings are eliminated and more money earns floating rates of return, financial institutions may need to increase the interest rates charged on consumer loans and/or create variable interest rate loan instruments to match the new variable rate deposit instruments. Many such instruments have already been developed for home mortgages.[7] Similarly, variable rate auto financing is now offered in several States, and variable rate lines of credit tied to home equity have been introduced nationwide.

Balancing Income and Expenditures

The ability of families to balance their income and spending needs can be generally assessed by examining trends in credit use and saving in the household sector of the economy. After more than a year of low levels of credit use and steady saving rates, the net worth position of households was very strong at the beginning of 1983. During the year, credit use expanded slightly and saving declined. Nonetheless, households will enter 1984 in a strong net worth position with capacity for spending and acquiring new debt. As the economic recovery progresses, resulting in a broader base of employment and higher family income, both credit and saving should expand in 1984.

[7] See "Alternative mortgage instruments," by Carolyn S. Edwards, Family Economics Review 1982(4):1-18.

Credit use generally declines with consumer spending during a recession. Families pay off almost as much old debt as they acquire new. Not only does the volume of credit transactions decline during recessions but the relationship of credit use to saving changes. Over the past decade, households have saved about $1.70 for each dollar of debt acquired.[8] In 1982 the net saving-to-debt ratio increased to 3.6, indicating that at the depth of the recession households saved about $3.60 for each dollar of new debt acquired. Beginning in early 1983, the net saving-to-debt ratio declined to about 2.2 and is continuing to trend downward. The volume of credit, particularly home mortgages, also increased in early 1983, indicating that households were returning to nonrecessionary patterns of credit buying.

Savings dropped to 3.9 percent of disposable personal income in May as households increased personal expenditures. The rate of saving has fluctuated widely over the past 2 years from 6.6 percent in 1981 to the current low rate. The volume and rate of saving are expected to increase with family income in 1984.

In recent years the forms of household savings have varied as much as the rate of saving. Through 1981 there was a long-term trend toward increased saving in tangible assets and decreased saving in financial assets. The expansion of money market fund investments in 1981 and 1982, stabilizing real estate values, and the introduction of new money market instruments at banks and thrift institutions have somewhat checked this trend.

As interest rates have become more volatile, families have become more rate sensitive as shown in an increasing number of savings and investment transactions in recent years. At the same time, new special purpose savings accounts, such as Individual Retirement Accounts (extended to all earners in 1983), may lead to deposits being held longer and greater stability in family savings balances.

[8]Calculated as a ratio of net increase in assets to net increase in liabilities in the household sector, using "Flow of Funds" data from the Federal Reserve System.

Family Financial Management

During the past decade the environment in which families make economic decisions has been shaped by four underlying trends: The aging of the population, increasing labor force participation among women, growing diversity in family living arrangements, and advancing technology applied to information management. These trends--combined with supply and price shocks in fossil fuels, frequent world and national political changes, and declining confidence in public institutions--led to pervasive economic uncertainty in the late 1970's and early 1980's. Families responded, in part, by moderating their expectations for the future. Although living standards[9] may not have declined for most families over the past several years, it is also unlikely that they have risen. The one positive legacy of economic instability and uncertainty may be reduced pressure to always have more. Steady living standards would allow family resources to catch up with family goals.

The process of managing economic resources within the family has always been complicated because of the need to balance current and long-term goals and the difficulty of responding to the needs and goals of several members at one time. In recent years, it has also been complicated by uncertainty about economic conditions outside the control of the family. The outlook for 1984 is for relatively stable economic conditions. Uncertainty will focus primarily on issues of degree rather than direction of economic trends.

Although 1984 may offer a break from the economic uncertainty that has characterized the past decade, the financial management tasks of families will continue to be performed in a complex economic environment. Deregulation of financial and other consumer services and technological advances that

[9]The term "living standards" is used here to mean the level of consumption and style of life that individuals and families aspire to attain.

allow specific cost-accounting and billing, will expand the choices and increase the decisionmaking responsibilities of families in 1984. The market will offer a broadening array of financial instruments and services, and the distinctions between financial institutions will blur. At the same time that financial choices increase, costs paid directly by consumers will also increase. Prices will be based on individual service costs and consumers will pay for exactly what they use. No longer will costs of some services subsidize the costs of others. New pricing will also develop for other consumer services. For example, growing competition in the communications industry and reorganization of the Bell system will result in unit pricing for most telephone services.

New pricing for services will also be evident in the increasing share of savings and credit instruments that carry variable interest rates. This means that to effectively manage resources, financial managers will need to collect more information and engage in complex calculations and analyses to compare the long-term costs and benefits of alternatives. As consumers are no longer charged an averaged rate for service costs and no longer earn an averaged rate of return on their assets, those unable or unwilling to shop for lowest costs and best returns are destined to realize a significant increase in costs and decline in benefits in 1984.

Family financial management will be influenced in 1984 and beyond by several trends which signal growing reliance on individual responsibility and decreased institutional involvement in family financial affairs. For example, several States have repealed or eased usury laws leaving the market to set consumer interest rates and individuals to recognize and reject unreasonably high rates. Another approach to increasing individual responsibility has been use of the Federal income tax structure to encourage families to save for retirement through Individual Retirement Accounts and ultimately ease pressure on socially supported retirement income programs in the future. Families unable or unwilling to assume individual responsibility for protecting themselves in the financial and consumer markets or taking advantage of planning incentives may find their economic position deteriorating at the same time that social support is declining.

The underlying factors driving the economy during the past decade will continue to exert important influences throughout the eighties. In the short term, the aging population and increasing labor force participation of women will benefit society through an increase in the number of older, experienced workers and growth in the ratio of workers to nonworkers. In the longer term, however, the aging population will retire, reducing the resources needed for continued economic expansion and refocusing economic concerns on issues of equity and distribution.

Families will enter the mid- and late-eighties in a strong economic position with improved prospects for employment and earnings, stabilizing prices, historically high asset levels, reduced debt loads, and realistic expectations for the future. The remainder of the decade will offer families a relatively stable economic period in which to adjust to increased economic complexity and renewed individual financial responsibility. This adjustment will require that families increase their level of financial management activities.

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TRENDS TO WATCH IN 1984

- **Marital property reform.** The National Conference of Commissioners on Uniform State Laws is currently drafting model legislation which defines the ownership of property brought into and acquired during marriage. This legislation would influence State inheritance laws, property settlement agreements, and the economic responsibilities and status of husbands and wives.

- **Unisex pricing of insurance premiums and benefits.** The U.S. Supreme Court's 1983 decision in the case of Norris vs Arizona Governing Committee for Tax Deferred Annuities and Deferred Compensation Plans and current debate on the Fair Insurance Practices Act (S. 372), suggest that new unisex pricing for insurance premiums and elimination of gender-based annuity benefits may be instituted in 1984. Already several States--including Massachusetts, Michigan, and Hawaii--have banned differential auto insurance rates for men and women. Unisex pricing would result in generally higher premiums for auto and life insurance and lower premiums for annuities and disability insurance for women.

- **Special purpose, tax-sheltered savings accounts.** Several legislative proposals have been introduced in Congress which would extend Federal income tax benefits to those who set aside income for savings related to specific goals, such as the purchase of a house or education of children. Modeled after Individual Retirement Accounts (IRA's), Individual Housing Accounts (IHA's) and Individual Education Accounts (IEA's) would provide tax exemption or deferral for income saved for these purposes. Although the likelihood is very low that IHA's or IEA's will become available in the near future, debate on ways to help families meet these goals and encourage personal saving is likely to mount.

- **Social security funding and benefits.** As part of the Social Security Reform Act of 1983 (P.L. 98-21), social security taxes will increase for all workers. In 1984 the increase will be offset by credits against Federal income tax liability. This is the first time that social security funding has been directly or indirectly tied to other Federal revenue. The Social Security Reform Act also makes a portion of benefits received in high income households taxable for the first time.

- **Variable rate credit instruments.** Banking deregulation, new entrants into the financial services market, and easing of State usury ceilings have resulted in the introduction of a variety of new credit instruments, especially variable interest rate loans. Home equity credit lines, in which the interest rate varies with changes in the market rate of interest, are an example. There is likely to be continued growth in the use of these types of instruments in 1984.

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Users' Guide: 1980 Census of Population and Housing

The multivolume Users' Guide provides information needed to understand and use the data from the 1980 Census. Part A. Text describes the subjects covered by the census data; geographic considerations; reports, tapes, maps, and other products; and services available to users. Supplement 1 consists of three sections. The first, "Part B," is a glossary with detailed definitions of terms associated with the Census. The "Sources of Assistance" section furnishes addresses and phone numbers of public and private organizations offering Census-related products and services such as tape processing, area profiles, training, and reference assistance. The third section, "Updates," provides information on new developments relating to the 1980 Census. Copies of Users' Guide: 1980 Census of Population and Housing may be ordered from the Superintendent of Documents, Government Printing Office, Washington, D.C. 20402, as follows: Part A. Text, Stock No. 003-024-03625-8, $5.50; Supplement 1, Stock No. 003-024-05004-8, $6.00.

Women at Work: A Chartbook

The Bureau of Labor Statistics, Division of Employment and Unemployment Analysis, has prepared a chartbook focusing on women's economic activities and participation in the labor force. The information is primarily from the Current Population Survey and includes labor force trends, occupational and industrial employment patterns, unemployment, and market work of women in a family context. Women at Work: A Chartbook, issued April 1983, is available from the U.S. Government Printing Office, Washington, D.C. 20402, for $4. Ask for Stock No. 029-001-02750-8.

Consumer Spending: Recovery and Beyond[1]

By Sandra Shaber
Director of Consumer Economics
Chase Econometrics

After several years of very sluggish growth in consumer demand, the period ahead should bring some welcome changes. The combination of economic recovery, personal income tax cuts, and moderate inflation is providing the most significant boost to real income in years. Productivity--a crucial element in the growth of income and standards of living--has improved markedly from the dismal performance of the late seventies and should continue to rise more rapidly in the years ahead. The prospects are good that we will be able to avoid the spiraling prices for energy and food that have had so damaging an effect on the purchasing power of middle- and lower-income consumers. In most respects demographic changes will reinforce the economic trends. Slower growth in the adult population and a shift in age structure of the baby boom generation will bolster income per capita and per household, favoring growth in demand for more discretionary and income-sensitive goods and services.

Household Budgets Through the Mid-Eighties

Consumer spending during the next several years will be dominated by recovery from the recent recession and preceding years of weak economic activity. The most dramatic change, already underway, is that consumers will spend an increasing share of their budgets on autos, appliances, furniture, and other durable goods.

- Inflation-adjusted expenditures per household on many key durable goods are below peaks reached 3 and even 4 years ago. The result is a substantial backlog in

[1]This article is condensed from a paper presented at the Agricultural Outlook Conference in November 1983 at Washington, D.C. Complete copies are available from Family Economics Research Group (see inside front cover for address).

demand which will require several years to satisfy. A rebound in sales of durable goods is typical during an economic recovery since these are the types of purchases which are most readily sacrificed or postponed during recessions. However, the rebound effect in this recovery should be especially strong because of the very long period of poor economic conditions and the persistence of extremely high consumer finance rates.

- Strong underlying demand for housing, as witnessed by the rapid surge in housing starts and home sales as soon as mortgage rates began to ease, is providing a major boost to sales of housing-related goods. Demand for appliances and furniture will continue to expand in the next several years as long as significant increases in mortgage rates and home prices can be avoided.
- The demographic trends are favorable, especially since the baby boom generation is swelling the number of consumers in the prime auto purchase and household formation years. A large fraction of these consumers are dual-earner couples with above-average incomes.
- Slow income gains and high interest rates have led to a major retrenchment in consumer credit purchases since 1979. Even with stepped-up credit demand recently, the ratio of installment debt to income remains modest, and consumers generally are in a good position to finance major purchases.
- Consumer confidence has soared to levels not seen since the early seventies, with many people reporting that interest rates and other economic conditions favor buying homes, autos, and other durable goods.

Demand for durables during this period could turn out to involve some trade-offs, especially between autos and housing-related durables. The key element is likely to be the trend in home prices and the cost and availability of mortgages. Should prices accelerate once again, many consumers will be priced out of the market. Slower growth in demand for housing may then encourage more auto purchases as many families decide to continue paying rent or remain in their existing homes. Similarly, if the housing market recovers more rapidly than expected--either because home prices remain relatively stable or because mortgage rates fall more rapidly--higher home payments and purchases of appliances and furniture may depress demand for autos and other types of durables, including electronics.

Spending for nondurable goods, particularly food at home, is likely to decline as a share of consumer budgets in the years ahead as moderate prices allow consumers to buy more discretionary items. However, some types of nondurable goods will benefit from the increase in discretionary income, including such items as food away from home, clothing, sports supplies, and toys.

Real demand for services is likely to remain fairly stable in the next several years as consumers rebuild their stocks of durable goods. Nevertheless, as a share of current dollar spending, the trend can be expected to continue upward since prices are likely to continue to rise more rapidly for services than for goods. Both because of high relative prices and because demand is sensitive to income growth, spending for services such as medical care and recreation should expand fairly rapidly. Americans are likely to continue to travel abroad in the next year or so as exchange rates remain favorable; other travel-associated expenditures should also expand given only moderate price increases for gasoline and transportation.

As employment in many of the hard-hit manufacturing industries begins to rise again, blue-collar unemployment rates will begin to recede. More job growth and rising real wages will go far toward bolstering the income of groups hardest hit by the recession--the young, one-earner families, and many lower income households. Stronger income gains for these consumers, together with more moderate price increases for food and fuels, should lead to stronger growth in the mid-price segment of many markets.

Longer Term Spending Patterns

As the recovery process and the associated rebound in demand for durables are completed in the mid-eighties, some of the longer term trends in spending should reappear. Real demand for durables is likely to level off; lower prices relative to other goods and

services will allow the share of nominal spending for durables to decline. In both real and nominal terms, the spending share for nondurable goods will continue to fall. As noted earlier, real demand for services is likely to remain stable as a share of total spending, although high relative prices will lead to a rising share in nominal terms.

The demographic trends of the decade ahead will reinforce many of the long-term economic trends. Growth in the size of the population 25 to 34 years old will peak in the mid-eighties, dampening further growth in demand for some durable goods. Slower growth in the adult population and the addition of fewer households compared with the seventies will also limit demand for housing-related durable goods. Slower population growth also implies sluggish expansion in demand for goods, such as food, which respond primarily to numbers of people. Several demographic factors will bolster household income. These include the aging of the baby boom and the associated increase in that generation's relative income, the growing number of two-income families, and the continuing trend toward small households and families. Stronger income per household and per household member will combine with the growth in aggregate income to bolster demand for discretionary goods and services.

Both the economic and demographic trends point to relatively strong growth in labor-saving and leisure-enhancing goods and services. Thus, the expanding markets of the eighties include appliances which incorporate technological advances and provide convenience or entertainment, electronics and services which promise personal enrichment and improved skills, goods and services related to sports and physical fitness, and education and travel. Examples of these trends include the mass marketing of video recorders, the spread of cable television, recent experiments with electronic home shopping, and the development of digital recording and playback.

Another strong market in the years ahead is the category including wheel goods, sports equipment, and "durable" toys. In the past decade growing interest in sports and physical fitness--much of this associated with the baby boom generation--together with the introduction of electronic games, led to rapid growth in demand. Even with some market saturation of sports equipment and volatility of tastes, these products will continue to expand on the strength of real income growth, relatively modest price increases, and the large number of people in their middle years who are likely to retain at least some of the earlier interest in physical fitness. Oddly perhaps, in view of the low probability of any significant increase in the birth rate, the prospects are bright for sales of toys. The baby boom generation is likely to continue to have small families, but the sheer size of the generation is resulting in a large number of births. The number of children under 15, which declined at an annual rate of nearly 1 percent during the past decade, is expected to increase at nearly that rate during the decade ahead. It also appears quite likely that young families with more income will spend relatively large amounts on each child, offsetting the effects of fewer children per family.

As real disposable income increases more rapidly, the share of household budgets spent for most types of nondurables will continue to decline. Slower population growth will be another limiting factor, especially in the case of food and other necessities. However, there are several important qualifications to this general trend. One is that continuing migration implies that some geographic areas--especially the Sunbelt and less urbanized areas--will achieve above average growth in demand for nondurables. Second, demand will be relatively strong for more discretionary items, even in such markets as food. Finally, demographic changes--including the maturing population and the greater affluence of two-income families--will bolster demand for products which are marketed to appeal to sophistication, status, or convenience.

By the mid-eighties, with the rebound in demand for durables largely exhausted, the long-term shift toward services will pick up

speed. Several types of services look especially promising. Telephone and telegraph services are likely to benefit from new products and new forms of data transmission. Growth in real spending for medical care will continue to outpace expenditures for services in general, both because of the income sensitivity of medical care and above-average price increases. The expansion of cable television, movie sales to television, and casino gambling will continue to boost the recreation category. Even growth in auto repairs should be fairly brisk as older consumers keep cars longer and face an increasingly complex machine.

The central theme in this scenario for the eighties is that despite only modest improvement in economic growth (the economy is not likely to return to the growth rates of the sixties) the coincidence of less inflation, improved productivity gains, and demographic changes will strengthen household income. The result will be more rapid expansion in many areas of consumer spending, especially more discretionary goods and services (see table).

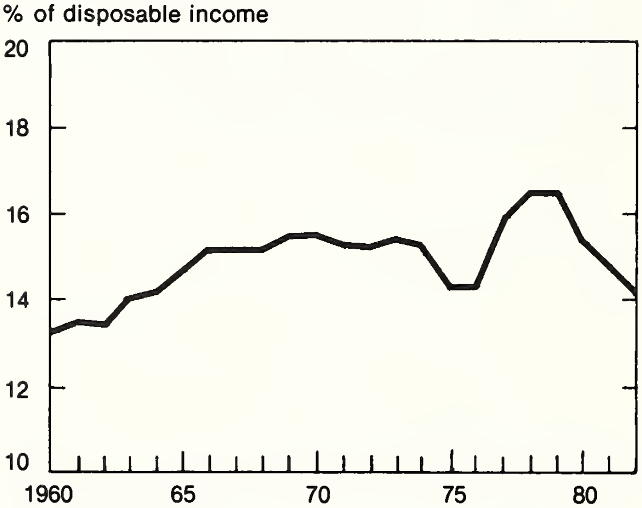
Faster and slower growth markets of the 1980's

[Consumption expenditures, 1972 dollars, moderate growth scenario]

Growth markets	1972-82	1982-92
	Percent	
Faster growth:		
All consumer goods and services	2.8	3.3
Motor vehicles	.2	5.7
Floor coverings	3.0	4.7
Audio and video electronics	7.9	5.1
Wheel goods, sport equipment, and durable toys	4.1	5.2
Boats	-5.0	5.6
Toys and sport supplies..............	4.6	4.5
Lodging..............................	2.3	4.7
Airline travel	1.4	4.5
Private hospitals	5.4	4.1
Telephone and telegraph..............	6.6	4.5
Slower growth:		
Food at home.........................	1.7	2.0
Alcohol	2.0	2.2
Tobacco..............................	1.1	1.7
Toilet articles	.8	2.5
Men's clothing.......................	3.0	2.0
Footwear	3.6	2.3
Cleaning and paper products	-.7	2.2
Stationery	1.9	1.7
Magazines and newspapers.............	-1.3	1.5
Railroads	-.1	2.3

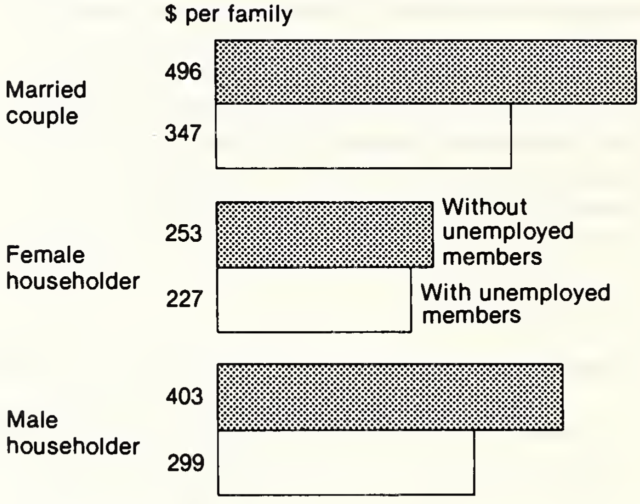
Some New USDA Charts

Consumer Debt Burden



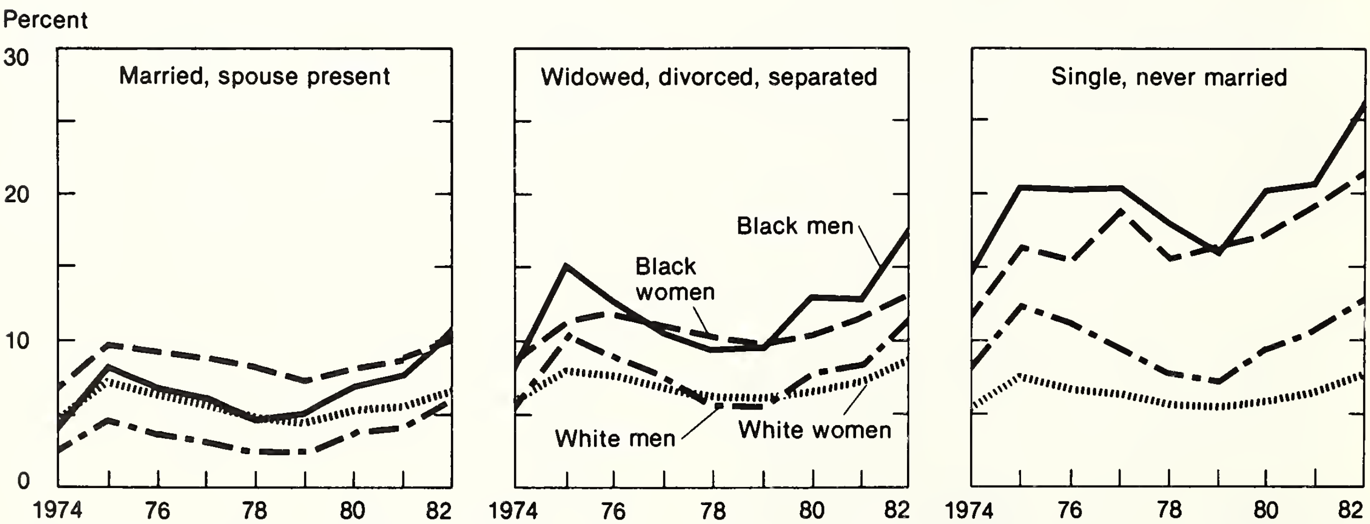
First quarter for 1982.
Source: Federal Reserve Board.

Weekly Earnings of Families with Unemployed Members



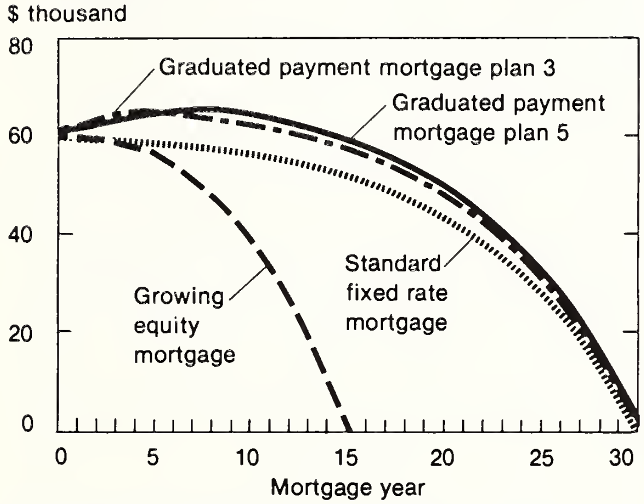
1982 data.
Source: Bureau of Labor Statistics.

Unemployment Rates



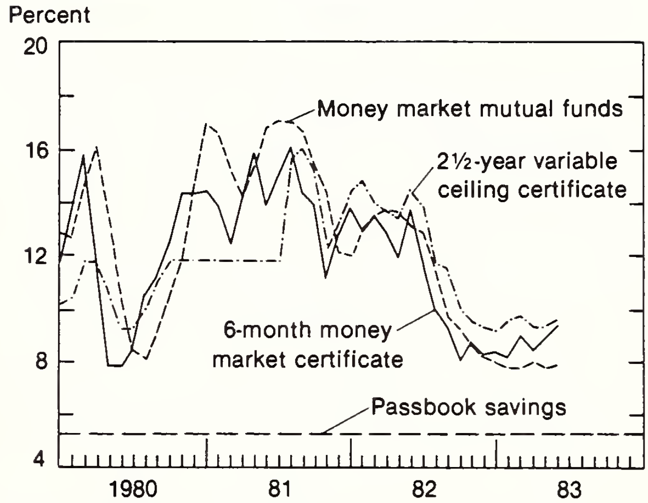
Black includes black and others. Ages 20 to 64.
Source: Bureau of Labor Statistics.

Outstanding Principal Balance on Four Mortgages



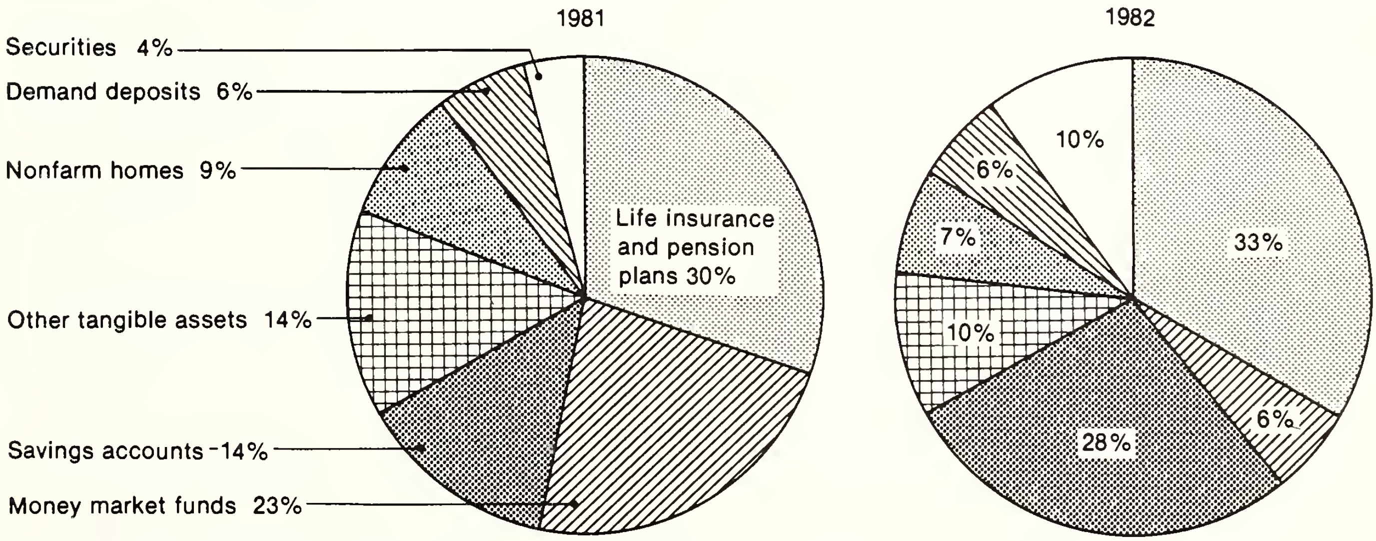
Loan of $60,000, 12.5 percent, 30 years (except for growing equity mortgage). Source: U.S. Department of Housing and Urban Development.

Interest Rates by Instrument



Certificate and passbook rates as offered by commercial banks. Source: Federal Reserve Board.

Distribution of Individual Savings



Other tangible assets include consumer durables, nonresidential fixed assets, and inventories. Source: Federal Reserve Board.

Housing Quality and Affordability[1]

By Carol B. Meeks
Housing section head
Economic Development Division
Economic Research Service

This paper analyzes newly available data on housing quality and affordability from the 1980 Census of Population and Housing. The data are presented on a metro-nonmetro continuum developed by the Economic Research Service, USDA, (see box). Counties are grouped into four metro and six nonmetro county groupings according to the aggregate size of their urban populations and their geographic proximity to metro areas. These county groupings add further refinement to the traditional and more broadly defined metro and nonmetro classifications.

Housing Quality

Measures of housing quality include: (1) Plumbing--the availability of a complete bathroom; (2) crowding--the average number of persons per room; (3) kitchen facilities--the availability of installed sink with piped water, a range or cook stove, and a mechanical refrigerator; and (4) the age of the structure--whether built in 1939 or earlier.

In general, the more rural the county the lower the housing quality as evidenced by the increased proportion of homes that lacked plumbing, the increased proportion that lacked kitchen facilities, the presence of more than one person per room on average, and the presence of a greater proportion of older homes (table 1). There are several exceptions to this generalization, however. First, greater metro core counties have as great a proportion of crowding or older structures as the less urbanized nonmetro counties; and second, for the plumbing, kitchen, and crowding measures the small metro counties have lower housing quality than the more urbanized nonmetro counties.

Since 1940, housebuilding in metro counties (outside the core) has exceeded that in nonmetro areas, resulting in a larger proportion of new housing stock in these counties. The presence of a greater proportion of newer structures in metro parallels the better housing quality of these areas.

Housing Affordability

Housing affordability--as measured by the percent of income spent on housing by owners and renters--is not related to degree of rurality. Housing costs are much higher in urban areas, but so are incomes. With the exception of the core counties of greater metro areas, the more urban the counties the higher the income, the higher the average rent, and the higher owners' costs (table 2). In 1980 metro incomes were 26 percent higher than nonmetro incomes; the average gross rent in metro areas was 27 percent higher than in nonmetro counties, and total owner costs (including payments for mortgage, real estate taxes, property insurance, utilities, fuel, and garbage collection) were 26 percent higher in metro than in nonmetro counties. These similarities suggest that average housing costs for owners and renters are highly correlated with income.

There was little difference in the proportion of income spent on housing by people across the rural-urban continuum (table 3). Approximately 75 percent of all owners, regardless of location, spent 25 percent or less of income for housing. However, renters were not as fortunate as a group. The percent of renters per classification which spent 25 percent or less of their income on housing ranged from 51 percent in core metro areas to 58 percent in totally rural areas. While only 12 percent of all owners spent 35 percent or more for housing, 28 percent of all renters spent this much. Thus, the biggest differences on percent of income spent on housing is between owners and renters, not among locations.

[1]This article is condensed from a paper presented at the Agricultural Outlook Conference in November 1983 at Washington, D.C. Complete copies are available from Family Economics Research Group (see inside front cover for address).

County classification	Aggregate population
Greater metro (core counties)	1 million or more
Greater metro (fringe counties)	1 million or more
Medium metro	250,000-999,999
Small metro	50,000-249,999
Urbanized nonmetro (adjacent to metro county)	20,000-49,999
Urbanized nonmetro (not adjacent to metro county)	20,000-49,999
Less urbanized nonmetro (adjacent to metro county)	2,500-19,999
Less urbanized nonmetro (not adjacent to metro county)	2,500-19,999
Totally rural nonmetro (adjacent to metro county)	Less than 2,500
Totally rural nonmetro (not adjacent to metro county)	Less than 2,500

Source: Hines, Fred K., David L. Brown, and John M. Zimmer, 1975, Social and Economic Characteristics of Population in Metro and Nonmetro Counties, 1970, Economic Research Service, USDA, AER 272.

Table 1. *Proportion of housing stock failing to meet specified measures of housing quality, by metro-nonmetro location, 1980*

Metro and nonmetro location	Lacking complete plumbing	Crowded, with plumbing	Without complete kitchen	Units built 1939 or earlier
	Percent of housing stock			
Metro:				
Greater (core)	2.4	4.4	1.8	30.7
Greater (fringe)	2.4	2.8	1.8	19.1
Medium	3.3	3.4	2.5	24.5
Small	3.9	3.7	3.0	23.2
Total metro	3.2	3.5	2.5	23.4
Nonmetro:				
Urbanized:				
Adjacent	3.4	3.5	2.5	29.9
Not adjacent	4.4	4.0	3.4	25.9
Less urbanized:				
Adjacent	6.6	4.3	5.0	31.6
Not adjacent	6.7	4.3	5.1	32.6
Totally rural:				
Adjacent	10.3	4.6	7.8	30.9
Not adjacent	10.2	4.5	8.4	37.1
Total nonmetro	7.5	4.3	5.9	32.7

Source: Developed by the Economic Research Service, USDA, from unpublished data, 1980 Census of Population and Housing.

Table 2. *Average household income and average housing costs, by metro-nonmetro location, 1980*

Metro and nonmetro location	Average household income	Monthly average		
		Gross rent	Owner cost	
			With mortgage	Without mortgage[1]
Metro:				
Greater (core)	$21,153	$270	$447	$157
Greater (fringe)	25,749	305	489	190
Medium	20,327	247	397	145
Small	19,167	239	379	128
Total metro	21,424	265	431	154
Nonmetro:				
Urbanized:				
Adjacent	18,385	227	368	135
Not adjacent	17,576	218	355	121
Less urbanized:				
Adjacent	16,875	199	335	117
Not adjacent	16,188	194	326	115
Totally rural:				
Adjacent	15,846	188	328	113
Not adjacent	14,935	190	310	112
Total nonmetro	16,966	208	343	120

[1]These owners own their homes free and clear.

Source: Developed by the Economic Research Service, USDA, from unpublished data, 1980 Census of Population and Housing.

Table 3. *Average percent of income spent on housing, by metro-nonmetro location, 1980*

Metro and nonmetro location	25 percent or less		35 percent or more	
	Owners	Renters	Owners	Renters
	Percent			
Metro:				
Greater (core)	73.8	50.7	13.2	31.3
Greater (fringe)	74.6	54.4	11.2	26.9
Medium	76.1	53.3	11.4	29.0
Small	76.6	52.8	11.4	29.2
Total metro	75.7	53.2	11.5	28.8
Nonmetro:				
Urbanized:				
Adjacent	76.5	52.6	11.3	29.8
Not adjacent	76.1	52.1	11.6	29.8
Less urbanized:				
Adjacent	75.9	55.9	12.3	27.6
Not adjacent	75.4	55.4	12.5	27.6
Totally rural:				
Adjacent	74.9	56.9	13.3	27.2
Not adjacent	74.1	57.9	13.8	26.2
Total nonmetro	75.3	55.9	12.7	27.5

Source: Developed by the Economic Research Service, USDA, from unpublished data, 1980 Census of Population and Housing.

Revised Metropolitan Statistical Area Definitions

The Office of Management and Budget has applied new standards for defining metropolitan statistical areas to data from the 1980 decennial census. The designations provide a uniform statistical standard for comparing metropolitan areas throughout the United States. The final revised designations, including new areas and those that have changed, went into effect June 30, 1983.

The Standard Metropolitan Statistical Area (SMSA), the single term previously used to describe all metropolitan areas, was replaced by two classification terms. A Metropolitan Statistical Area (MSA) is a free-standing metropolitan area surrounded by nonmetropolitan counties and not closely associated with other metropolitan areas. An area qualifies as an MSA in one of two ways: If there is a city of at least a 50,000 population or an urbanized area of at least 50,000 with a total metropolitan population of at least 100,000. An urbanized area is defined on the basis of population density. MSA's are defined in terms of entire counties, except in the six New England States. Thus, in addition to the county containing the main city, an MSA may also include additional counties that have close economic and social ties to the central county.

A Primary Metropolitan Statistical Area (PMSA) is a metropolitan area that is closely related to another. A grouping of PMSA's is referred to as a Consolidated Metropolitan Statistical Area (CMSA). It is similar to the previous Standard Consolidated Statistical Area (SCSA) used to refer to a cluster of SMSA's.

Each MSA and PMSA is designated by population size to allow for further comparison within and between groups. An "A" designation corresponds to areas with populations of 1 million or more, a "B" to areas with populations of 250,000 to 1 million, a "C" to areas between 100,000 and 250,000, and a "D" to areas with populations less than 100,000.

The detailed report, entitled Metropolitan Statistical Areas, 1983 (PB83-218891), is available on microfiche or paper from the National Technical Information Service. The publication is 105 pages and costs $4.50 for microfiche ($9.00 foreign) or $13.00 for the paper copy ($26.00 foreign). To order, call or write: National Technical Information Service, Document Sales Desk, 5285 Port Royal Road, Springfield, Va. 22151, (703) 487-4650.

Factfinders for the Nation

This series of 22 publications listed below, provides quick, topical information about specific U.S. Census Bureau products.

1. Statistics on Race and Ethnicity
2. Availability of Census Records About Individuals
3. Agriculture Statistics
4. History and Organization
5. Reference Sources
6. Housing Statistics
7. Population Statistics
8. Census Geography-Concepts and Products
9. Construction Statistics
10. Retail Trade Statistics
11. Wholesale Trade Statistics
12. Statistics on Service Industries
13. Transportation Statistics
14. Foreign Trade Statistics
15. Statistics on Manufactures
16. Statistics on Mineral Industries
17. Statistics on Governments
18. Census Bureau Programs and Products
19. Enterprise Statistics
20. Energy and Conservation Statistics
21. International Programs
22. Data for Small Communities

Numbers 4 and 18 describe the Bureau's history, organization, and statistical programs. Number 18 serves as a reference guide to the other 21 Factfinders. Numbers 1, 6, 7, 8, and 22 focus on 1980 census products. The remaining Factfinders cover specific Bureau programs.

Single copies of Factfinders for the Nation are available free ($5 for complete set) from the Census History Staff, Data User Services Division, Bureau of the Census, Washington, D.C. 20233.

Urban and Rural Housing Characteristics[1]

By Arthur F. Young and F. John Devaney
Chief, Housing Division, and
Special assistant
Bureau of the Census
U.S. Department of Commerce

The United States was a predominantly rural nation until well into the twentieth century. Not until 1920 did census data show that a majority of the Nation's people lived in urban areas. Urbanization increased during the twenties, slowed down in the thirties, then continued to increase through the sixties.

Decennial censuses since 1790 have shown a greater percentage increase in the urban population than in the rural population, except for the 1810-20 decade. This historical pattern was modified in the 1970-80 decade, when the population of rural areas grew almost as fast as that of urban areas, 11.1 percent and 11.6 percent, respectively, and both rates of change were close to the total population growth of 11.4 percent.[2] As a result, the percentage of the population living in rural areas in 1980 (26.3 percent) was virtually unchanged from 1970 (26.4 percent).

In 1980 the most rural region in terms of population was the South, where 33 percent of the population lived in rural areas. The West was the least rural region; only 16 percent of the population was in rural territory. The rural percentages in the other regions were closer to the national rate, 21 percent in the Northeast and 30 percent in the North Central region.

From 1970 to 1980, the Nation's population density increased from 58 to 64 persons per square mile. However, there was a lowering of population densities in cities, suburbs, and small cities and towns, with the overall urban density declining from 2,760 to 2,260 persons per square mile. The decrease in urban densities resulted from geographical expansion or urbanized areas, increase in the number of urban places, annexations to cities, and a decrease in average household size. Conversely, the population density of rural areas increased from 15.5 to 17.2 persons per square mile, as a result of an increase in rural population and a decrease in total rural land area.

Housing Distribution

In 1980 the distribution of the Nation's housing was similar to population distribution in broad geographical terms. Rural areas contained slightly more than 26 percent of both population and housing (table 1). Rural population and housing were located primarily in very small places (less than 1,000 persons) or in territory having no recognized incorporated or unincorporated place designation.

Housing units were unevenly divided among the four regions of the country in 1980--33 percent in the South, 26 percent in the North Central region, 22 percent in the Northeast, and 19 percent in the West (table 2). There were six States with more than 1 million rural housing units, representing about 30 percent of the Nation's total rural housing in 1980. This group includes New York and Pennsylvania in the Northeast, Ohio and Michigan in the North Central region, and North Carolina and Texas in the South.

Housing Characteristics

In 1980, 64 percent of all households owned their own home. The rural ownership rates were higher than urban rates in all regions. The greatest gap between rural and urban homeownership was in the Northeast, with 81 percent of rural and only 54 percent of urban households owning their homes (table 3).

[1] This article is condensed from a paper presented at the Agricultural Outlook Conference in November 1983 at Washington, D.C. Complete copies are available from Family Economics Research Group (see inside cover for address).

[2] For the 1980 census, urban geography includes urbanized areas comprising an incorporated place and adjacent densely settled surrounding area that together have a minimum population of 50,000, as well as incorporated or census designated places of 2,500 or more population. Remaining areas are classified as rural.

Table 1. *Percentage distribution of population and housing, by urban and rural residence, 1980*

Residence	Population	Housing units
Total number (thousands)	226,546	88,411
	Percent	
Total United States	100	100
Urban	74	74
Inside urbanized areas	61	61
Other urban	13	13
Rural	26	26
Places of 1,000 to 2,500	3	3
Places of less than 1,000	2	23
Other rural[1]	21	

[1]Territory having no recognized incorporated or unincorporated place designation.

Source: U.S. Department of Commerce, Bureau of the Census, 1983.

Table 2. *Percentage distribution of urban and rural housing, by region, 1980*

Region	Housing units		
	Total	Urban	Rural
Total number (thousands)	88,411	64,939	23,472
		Percent	
Total United States	100	100	100
Northeast	22	23	18
North Central	26	25	29
South	33	30	41
West	19	22	12

Source: U.S. Department of Commerce, Bureau of the Census, 1983.

Table 3. *Homeownership rates, urban and rural, by region, 1980*

Region	Percent owner-occupied		
	Total	Urban	Rural
Total United States	64	59	80
Northeast	59	54	81
North Central	69	64	82
South	67	61	79
West	60	58	75

Source: U.S. Department of Commerce, Bureau of the Census, 1983.

The vast majority of renter households are found in urban areas. In 1980 of the almost 29 million renter households, 86 percent were found in urban areas, while only 14 percent were in rural areas. Of the 52 million owner households, 69 percent were located in urban areas and 31 percent in rural areas.

The Nation's housing was "younger" in 1980 than ever previously recorded in a housing census, with a median age of 22.7 years. About one-fourth of the housing inventory was in structures built from 1970 to March 1980, and another one-fourth in structures built prior to 1940. The proportion of structures built prior to 1940 was slightly higher for rural areas (27 percent) than for urban areas (25 percent). The regional distribution pattern for pre-1940 housing was virtually the reverse of the pattern for new housing (table 4).

Rural areas contributed one-third of the new housing in the seventies. The proportion of housing built during the decade in territory which was rural at the time of construction was actually greater, since some rural areas were converted to the urban classification as a result of urbanized area expansions, annexations, and growth of small towns into urban places during the seventies.

The housing in urban and rural areas displays sharp contrasts by structural types. Single-family, detached homes, and mobile homes are more likely to be found in rural areas. Almost one-third of single, detached housing units and two-thirds of mobile homes were in rural areas. In contrast, more than 90 percent of structurally attached housing units were located in urban areas. These include single attached units and apartments in multi-unit structures. Mobile homes were

Table 4. *Period of housing construction, by region, 1980*

Region	Percent built		
	1970 to March 1980	1940-69	1939 or earlier
Northeast	15	43	42
North Central	22	45	33
South	33	51	16
West	32	52	16

Source: U.S. Department of Commerce, Bureau of the Census, 1983.

most prevalent in the South, where 47 percent of such units were located. The West also had high representation of mobile homes, where in several States more than 10 percent of owner-occupied units were mobile homes.

Important changes took place in the Nation's pattern of principle home heating fuel use from 1970 to 1980. Households using electricity increased from 8 to 18 percent of all households; the actual number increased from 4.9 to 14.8 million. There was also an increase in the percentage of homes using wood, from 1 to 3 percent. Although the number of households using either utility gas, or bottled, liquid, or LP gas increased, the percentages of homes in each category decreased. The number of homes using fuel oil and kerosene dropped from 16.4 to 14.7 million, or from 26 to 18 percent. There were also declines in the numbers and percentages of households using coal and other fuels.

In 1980 a wide variety of home heating fuels was used in rural areas. In those areas, the three principal fuels were utility gas, electricity, and fuel oil (totaling 70 percent). In addition, 18 percent of rural homes used bottled, tank, or LP gas, and 11 percent used wood. Utility gas was the predominant home heating fuel in urban areas (63 percent of homes).

The 1980 census showed that the lack of complete plumbing facilities for exclusive use was no longer a major housing problem nationwide. The number of housing units lacking complete plumbing was reduced by slightly over a half, from 4.7 million in 1970 to 2.3 million in 1980--down to only 2.7 percent of year-round units. In rural areas, almost 6 percent lacked plumbing, with the South the only region exceeding this rate (8.5 percent). Just 40 years ago, when the first housing census was conducted, the percentages of housing lacking complete plumbing were as follows: All units, 45; urban, 23; rural nonfarm, 61; and rural farm, 89 percent.

The proportion of housing with three or more bedrooms was higher in rural areas (59 percent), reflecting the predominance of single-family homes in rural areas and the prevalence of multi-unit rental housing in urban areas. A higher proportion of urban housing units (87 percent) than rural (70 percent) was equipped with central heating systems. The urban percentage was higher in all regions of the country. Air-conditioning was also more likely to be found in urban homes (58 percent) than in rural homes (45 percent). Percentages were substantially higher in the South and substantially lower in the West.

Almost one-fourth of the Nation's households had moved into their present residence during the 15-month period of January 1979 to March 1980. Throughout the Nation, mobility was lower in rural areas and much less for farm residents.

Americans are very dependent on private transportation; 87 percent of households had one or more vehicles (autos, vans, and one-ton trucks) available in 1980. The proportions were higher for rural and farm households, 93 and 97 percent, respectively.

Less than one-half of the Nation's rural housing was connected to public water systems or private companies. Nationwide, the sources of water for year-round homes in rural areas included 9.8 million units with public systems or private company, 9.5 million with individual drilled well, 1.7 million with individual dug well, and 1.1 million using some other source of water. About one-fourth of rural homes were connected to a public sewer system in 1980.

More than nine-tenths of the Nation's homes had telephones in 1980. The percentages for urban, rural, and farm housing were higher than nationwide in the Northeast, North Central, and West regions, and lower in the South. The percentage of farm homes with telephones (95 percent) was higher than the percentages in both urban and rural areas.

During the seventies the median value of the Nation's single-family homes increased 178 percent, gross rent paid by renters increased 125 percent, but household income increased only 97 percent. Although percentage increases were greater in rural than in urban areas, in 1980 the rural medians continued to be lower than urban medians. Median monthly owner costs (data acquired for the first time in a decennial census in 1980) were higher in urban than in rural areas for both mortgaged and nonmortgaged homes.

Private Pension Legislation: The Tax Equity and Fiscal Responsibility Act of 1982

During the past 50 years, Congress has recognized the value of private pension coverage and benefits by offering favorable income tax treatment to plan participants and sponsoring employers. With tax favored status, however, have come requirements for coverage, vesting, and management of funds in pension plans. The Employee Retirement Income Security Act of 1974 (ERISA), P.L. 93-406, set forth comprehensive regulations for pension plans.[1] More recently, provisions of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA), P.L. 97-248, redefined tax benefits in three areas: Limitations on maximum benefits and contributions in corporate plans, provisions for noncorporate plans, and requirements for plans that provide excessive benefits to highly paid employees.

Under TEFRA, benefits payable under defined benefit plans are limited to the smaller of either $90,000 a year or 100 percent of the worker's average compensation for the 3 highest consecutive years when covered by the plan. Contributions to an employee's account under a defined contribution plan are limited to the smaller of either $30,000 a year or 25 percent of the employee's annual compensation. Limits had been set by previous legislation, but cost-of-living adjustments to these limits had pushed the allowed maximum benefit or contribution to much higher levels (from $75,000 to $136,425 for defined benefit; $25,000 to $45,475 for defined contribution maximum). TEFRA provisions lowered the limitation levels for corporate pension plans and suspended cost-of-living adjustments until 1986.

In addition to provisions for corporate pension plans, TEFRA includes provisions for "noncorporate" plans covering employees and owners of single proprietorships and partnerships (known as Keogh plans) and small, closely held corporations. Previously, Keogh plans had much lower limits on contributions (the lower of either $15,000 or 15 percent of salary) than corporate plans, but TEFRA extended to Keogh plans the more liberal limits of corporate plans. Also, some Keogh rules were extended to cover corporate plans, thus resulting in nearly the same set of rules and limitations for corporate and Keogh pension plans.

TEFRA set new requirements for plans that benefit primarily the key employees of a company. If a plan's accrued benefit values for key employees is more than 60 percent of the values for all employees covered, it is a topheavy plan. To qualify for tax advantages, the topheavy plan must (1) include only the first $200,000 of an employee's annual compensation for computing pension benefits; (2) have an accelerated vesting schedule for non-key employees; and (3) meet minimum benefit or contribution levels for non-key employees.

[1] See "Pensions," by Frankie N. Schwenk in Family Economics Review, spring 1981, pp. 8-13, for further information.

Source: Carter, Gene, 1983, Private pensions: 1982 legislation, Social Security Bulletin 46(8):3-8.

Programs of HUD

This booklet, which was revised in August 1983, contains a brief description of each of the programs administered by the Department of Housing and Urban Development (HUD). Descriptions of 61 programs are organized into 6 sections as follows: Community planning and development, housing, policy development and research, Government National Mortgage Association, fair housing and equal opportunity, and access to housing for the handicapped. Information about the nature, authorization, eligibility, funding levels, and sources of other information for each program is included. Indexes include a chronological listing of major Federal legislation and executive orders authorizing HUD programs, as well as a directory of regional and field offices of HUD. Copies of Programs of HUD, HUD-214-7-PA (Stock No. 023-000-00701-1), are available for $4 each from the U.S. Government Printing Office, Washington, D.C. 20402.

Updated Estimates of the Cost of Raising a Child

The cost of raising urban children: 1983 annual average; moderate-cost level[1]

Region and age of child (years)	Total	Food at home[2]	Food away from home	Clothing	Housing[3]	Medical care	Education	Transportation	All other[4]
NORTH CENTRAL:									
Under 1	$4,107	$544	$0	$135	$1,787	$265	$0	$825	$551
1	4,231	668	0	135	1,787	265	0	825	551
2-3	3,940	668	0	219	1,571	265	0	719	498
4-5	4,174	767	135	219	1,571	265	0	719	498
6	4,348	742	135	303	1,489	265	118	719	577
7-9	4,521	915	135	303	1,489	265	118	719	577
10-11	4,695	1,089	135	303	1,489	265	118	719	577
12	5,015	1,113	162	438	1,544	265	118	772	603
13-15	5,139	1,237	162	438	1,544	265	118	772	603
16-17	5,643	1,385	162	607	1,598	265	118	852	656
Total	83,585	17,341	2,052	5,930	28,164	4,770	1,416	13,632	10,280
NORTHEAST:									
Under 1	4,074	643	0	135	1,814	265	0	719	498
1	4,223	792	0	135	1,814	265	0	719	498
2-3	4,110	767	0	236	1,652	265	0	666	524
4-5	4,344	866	135	236	1,652	265	0	666	524
6	4,655	866	162	320	1,625	265	148	666	603
7-9	4,828	1,039	162	320	1,625	265	148	666	603
10-11	5,051	1,262	162	320	1,625	265	148	666	603
12	5,362	1,262	162	472	1,679	265	148	745	629
13-15	5,510	1,410	162	472	1,679	265	148	745	629
16-17	5,912	1,559	189	590	1,706	265	148	799	656
Total	88,162	19,818	2,268	6,202	30,114	4,770	1,776	12,676	10,538
SOUTH:									
Under 1	4,470	594	0	152	1,923	294	0	878	629
1	4,593	717	0	152	1,923	294	0	878	629
2-3	4,304	693	0	236	1,706	294	0	772	603
4-5	4,513	767	135	236	1,706	294	0	772	603
6	4,773	767	162	320	1,625	294	177	772	656
7-9	4,921	915	162	320	1,625	294	177	772	656
10-11	5,119	1,113	162	320	1,625	294	177	772	656
12	5,457	1,113	189	472	1,679	294	177	825	708
13-15	5,606	1,262	189	472	1,679	294	177	825	708
16-17	6,024	1,385	189	607	1,733	294	177	905	734
Total	90,794	17,638	2,376	6,270	30,602	5,292	2,124	14,586	11,906
WEST:									
Under 1	4,403	594	0	135	1,869	324	0	878	603
1	4,551	742	0	135	1,869	324	0	878	603
2-3	4,314	717	0	219	1,679	324	0	772	603
4-5	4,575	816	162	219	1,679	324	0	772	603
6	4,906	792	189	320	1,652	324	148	799	682
7-9	5,079	965	189	320	1,652	324	148	799	682
10-11	5,302	1,188	189	320	1,652	324	148	799	682
12	5,596	1,188	189	455	1,706	324	148	878	708
13-15	5,719	1,311	189	455	1,706	324	148	878	708
16-17	6,277	1,484	216	573	1,787	324	148	958	787
Total	92,786	18,554	2,646	6,032	30,764	5,832	1,776	15,066	12,116

[1]Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2]Includes home-produced food and school lunches.

[3]Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4]Includes personal care, recreation, reading, and other miscellaneous expenditures.

The cost of raising rural nonfarm children: 1983 annual average; moderate-cost level[1]

Region and age of child (years)	Total	Food at home[2]	Food away from home	Clothing	Housing[3]	Medical care	Education	Transportation	All other[4]
NORTH CENTRAL:									
Under 1	$3,881	$495	$0	$118	$1,706	$265	$0	$799	$498
1	4,005	619	0	118	1,706	265	0	799	498
2-3	3,562	594	0	185	1,435	236	0	666	446
4-5	3,769	693	108	185	1,435	236	0	666	446
6	4,066	693	135	286	1,408	236	118	692	498
7-9	4,214	841	135	286	1,408	236	118	692	498
10-11	4,412	1,039	135	286	1,408	236	118	692	498
12	4,751	1,039	135	438	1,462	236	118	772	551
13-15	4,875	1,163	135	438	1,462	236	118	772	551
16-17	5,235	1,286	162	539	1,489	265	118	799	577
Total	77,926	16,082	1,890	5,522	26,426	4,364	1,416	13,100	9,126
NORTHEAST:									
Under 1	4,505	594	0	135	1,923	265	0	932	656
1	4,628	717	0	135	1,923	265	0	932	656
2-3	4,418	693	0	219	1,760	265	0	852	629
4-5	4,679	792	162	219	1,760	265	0	852	629
6	5,010	792	189	320	1,733	265	177	852	682
7-9	5,158	940	189	320	1,733	265	177	852	682
10-11	5,381	1,163	189	320	1,733	265	177	852	682
12	5,709	1,163	189	489	1,787	265	177	905	734
13-15	5,857	1,311	189	489	1,787	265	177	905	734
16-17	6,371	1,460	216	640	1,841	265	177	985	787
Total	94,595	18,235	2,646	6,302	32,114	4,770	2,124	15,974	12,430
SOUTH:									
Under 1	4,657	594	0	152	1,923	294	0	1,065	629
1	4,756	693	0	152	1,923	294	0	1,065	629
2-3	4,305	668	0	236	1,652	294	0	878	577
4-5	4,566	767	162	236	1,652	294	0	878	577
6	4,745	742	162	320	1,598	294	148	852	629
7-9	4,894	891	162	320	1,598	294	148	852	629
10-11	5,092	1,089	162	320	1,598	294	148	852	629
12	5,475	1,089	189	489	1,652	294	148	932	682
13-15	5,598	1,212	189	489	1,652	294	148	932	682
16-17	6,082	1,361	216	691	1,679	294	148	985	708
Total	91,199	17,197	2,484	6,506	30,008	5,292	1,776	16,452	11,484
WEST:									
Under 1	4,828	594	0	135	1,950	324	0	1,065	760
1	4,951	717	0	135	1,950	324	0	1,065	760
2-3	4,472	693	0	219	1,679	294	0	905	682
4-5	4,733	792	162	219	1,679	294	0	905	682
6	5,084	767	162	337	1,652	324	177	905	760
7-9	5,257	940	162	337	1,652	324	177	905	760
10-11	5,455	1,138	162	337	1,652	324	177	905	760
12	5,838	1,138	189	506	1,706	324	177	985	813
13-15	5,986	1,286	189	506	1,706	324	177	985	813
16-17	6,564	1,460	216	590	1,814	324	177	1,118	865
Total	96,878	18,060	2,484	6,372	30,980	5,712	2,124	17,356	13,790

[1]Annual cost of raising a child from birth to age 18, by age, in a husband-wife family with no more than 5 children. For more information on these and additional child cost estimates, see USDA Miscellaneous Publication No. 1411, "USDA Estimates of the Cost of Raising a Child: A Guide to Their Use and Interpretation," by Carolyn S. Edwards, Family Economics Research Group, Agricultural Research Service, USDA.

[2]Includes home-produced food and school lunches.

[3]Includes shelter, fuel, utilities, household operations, furnishings, and equipment.

[4]Includes personal care, recreation, reading, and other miscellaneous expenditures.

Cost of Food at Home, U.S. and Regions

Cost of food at home estimated for food plans at 4 cost levels, January 1984, U.S. average[1]

Sex-age group	Cost for 1 week				Cost for 1 month			
	Thrifty plan[2]	Low-cost plan	Moderate-cost plan	Liberal plan	Thrifty plan[2]	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES								
Family of 2:[3]								
20-50 years	$36.70	$46.00	$56.50	$69.90	$159.50	$199.40	$245.20	$302.80
51 years and over	34.90	44.10	54.00	64.20	151.30	190.70	233.90	278.60
Family of 4:								
Couple, 20-50 years and children--								
1-2 and 3-5 years	53.20	65.90	80.20	97.90	230.90	285.60	347.90	424.30
6-8 and 9-11 years	61.00	77.30	96.40	115.80	264.50	335.10	418.20	502.00
INDIVIDUALS[4]								
Child:								
1-2 years	9.50	11.50	13.30	15.90	41.30	49.70	57.80	68.90
3-5 years	10.30	12.60	15.50	18.50	44.60	54.60	67.20	80.10
6-8 years	12.60	16.60	20.70	24.20	54.60	71.90	89.90	105.10
9-11 years	15.00	18.90	24.30	28.10	64.90	81.90	105.40	121.60
Male:								
12-14 years	15.80	21.50	26.70	31.40	68.50	93.10	115.90	135.90
15-19 years	16.40	22.40	27.60	31.90	71.20	97.00	119.50	138.40
20-50 years	17.50	22.20	27.70	33.30	76.00	96.30	120.10	144.30
51 years and over	16.00	21.10	25.80	30.80	69.30	91.20	111.60	133.50
Female:								
12-19 years	15.70	18.70	22.60	27.20	67.90	81.20	98.00	118.10
20-50 years	15.90	19.60	23.70	30.20	69.00	85.00	102.80	131.00
51 years and over	15.70	19.00	23.30	27.60	68.20	82.20	101.00	119.80

[1] Assumes that food for all meals and snacks is purchased at the store and prepared at home. Estimates for the thrifty food plan were computed from quantities of foods published in Family Economics Review, 1984 No. 1. Estimates for the other plans were computed from quantities of foods published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics (CPI Detailed Report, table 3) to estimate the costs for the food plans.

[2] Coupon allotment in the Food Stamp Program based on this food plan.

[3] 10 percent added for family size adjustment. See footnote 4.

[4] The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7- or more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1984, Northeastern region[1]

Sex-age group	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$48.50	$58.70	$73.30	$210.10	$254.50	$317.30
51 years and over......	46.10	56.10	67.30	200.00	242.80	292.00
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	69.30	83.30	102.60	300.10	360.80	444.50
6-8 and 9-11 years ...	81.30	100.10	121.50	351.80	433.70	526.10
INDIVIDUALS[3]						
Child:						
1-2 years	12.00	13.80	16.60	51.90	59.70	72.00
3-5 years	13.20	16.10	19.40	57.20	69.70	84.00
6-8 years	17.40	21.50	25.40	75.20	93.20	110.00
9-11 years	19.80	25.20	29.50	85.60	109.10	127.60
Male:						
12-14 years	22.50	27.70	32.80	97.50	120.10	142.30
15-19 years	23.50	28.70	33.50	101.90	124.40	145.20
20-50 years	23.50	28.80	35.00	101.70	124.80	151.60
51 years and over......	22.10	26.80	32.30	95.80	116.10	140.10
Female:						
12-19 years	19.60	23.40	28.60	85.00	101.50	124.00
20-50 years	20.60	24.60	31.60	89.30	106.60	136.90
51 years and over......	19.80	24.20	28.90	86.00	104.60	125.40

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the Northeast in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Boston, New York, and Philadelphia.

[2]10 percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1984, North Central region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$43.50	$53.70	$64.90	$188.40	$232.50	$281.40
51 years and over......	41.90	51.60	60.30	181.50	223.20	260.90
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	62.40	76.60	91.70	270.80	332.00	397.60
6-8 and 9-11 years ...	73.30	92.00	108.30	317.80	398.50	469.50
INDIVIDUALS[3]						
Child:						
1-2 years	10.90	12.90	15.20	47.40	55.90	65.80
3-5 years	12.00	14.90	17.50	52.10	64.70	76.00
6-8 years	15.80	19.90	22.80	68.50	86.20	99.00
9-11 years	18.00	23.30	26.50	78.00	100.90	114.70
Male:						
12-14 years	20.40	25.50	29.40	88.40	110.70	127.40
15-19 years	21.10	26.20	29.80	91.30	113.70	129.30
20-50 years	21.00	26.30	31.00	91.00	114.00	134.40
51 years and over......	20.10	24.70	28.90	87.00	106.80	125.00
Female:						
12-19 years	17.60	21.50	25.40	76.40	93.00	110.20
20-50 years	18.50	22.50	28.00	80.30	97.40	121.40
51 years and over......	18.00	22.20	25.90	78.00	96.10	112.20

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the North Central region in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Chicago, Cleveland, Detroit, and St. Louis.

[2]10 percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1984, Southern region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$44.40	$54.10	$65.70	$192.50	$234.50	$284.70
51 years and over......	42.60	51.40	60.30	184.50	222.90	261.40
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	63.80	76.80	92.00	276.60	332.50	398.40
6-8 and 9-11 years ...	74.80	92.30	108.70	324.10	399.70	471.10
INDIVIDUALS[3]						
Child:						
1-2 years	11.20	12.80	15.00	48.60	55.30	64.80
3-5 years	12.20	14.80	17.30	53.00	64.00	74.80
6-8 years	16.10	19.80	22.70	69.70	85.70	98.40
9-11 years	18.30	23.30	26.30	79.40	100.80	113.90
Male:						
12-14 years	20.80	25.60	29.50	90.00	110.80	127.70
15-19 years	21.70	26.40	30.00	94.10	114.50	130.00
20-50 years	21.40	26.40	31.20	92.70	114.60	135.30
51 years and over......	20.30	24.40	28.80	87.80	105.90	124.90
Female:						
12-19 years	18.30	21.70	25.70	79.10	94.10	111.50
20-50 years	19.00	22.80	28.50	82.30	98.60	123.50
51 years and over......	18.40	22.30	26.00	79.90	96.70	112.70

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the South in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Atlanta, Baltimore, and Washington, D.C.

[2]10 percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Cost of food at home for food plans at 3 cost levels, January 1984, Western region[1]

Sex-age groups	Cost for 1 week			Cost for 1 month		
	Low-cost plan	Moderate-cost plan	Liberal plan	Low-cost plan	Moderate-cost plan	Liberal plan
FAMILIES						
Family of 2:[2]						
20-50 years	$47.60	$57.50	$71.80	$206.40	$249.30	$310.90
51 years and over......	45.30	55.20	66.30	196.60	239.00	287.60
Family of 4:						
Couple, 20-50 years and children--						
1-2 and 3-5 years	68.50	81.90	100.80	296.70	354.80	436.10
6-8 and 9-11 years ...	80.50	98.50	119.10	348.50	426.80	515.40
INDIVIDUALS[3]						
Child:						
1-2 years	12.00	13.70	16.40	51.90	59.20	70.90
3-5 years	13.20	15.90	19.10	57.20	69.00	82.60
6-8 years	17.40	21.30	24.90	75.30	92.20	107.70
9-11 years	19.80	24.90	28.90	85.60	108.00	125.10
Male:						
12-14 years	22.40	27.50	32.10	97.30	119.20	138.90
15-19 years	23.30	28.10	32.50	101.10	121.70	141.00
20-50 years	23.00	28.20	34.20	99.80	122.20	148.00
51 years and over......	21.70	26.30	31.70	94.00	113.90	137.40
Female:						
12-19 years	19.60	23.10	27.90	84.80	100.00	121.10
20-50 years	20.30	24.10	31.10	87.80	104.40	134.60
51 years and over......	19.50	23.90	28.60	84.70	103.40	124.10

[1]Assumes that food for all meals and snacks is purchased at the store and prepared at home. These estimates were computed from quantities in food plans published in Family Economics Review, 1983 No. 2. The costs of the food plans are estimated by updating prices paid by households surveyed in the West in 1977-78 in USDA's Nationwide Food Consumption Survey. USDA updates these survey prices using information from the Bureau of Labor Statistics for Los Angeles and San Francisco.

[2]10 percent added for family size adjustment. See footnote 3.

[3]The costs given are for individuals in 4-person families. For individuals in other size families, the following adjustments are suggested: 1-person--add 20 percent; 2-person--add 10 percent; 3-person--add 5 percent; 5- or 6-person--subtract 5 percent; 7-or-more-person--subtract 10 percent.

Consumer Prices

Consumer Price Index for all urban consumers [1967 = 100]

Group	Jan. 1984	Dec. 1983	Nov. 1983	Jan. 1983
All items	305.2	303.5	303.1	293.1
Food	299.4	293.9	292.5	288.1
Food at home	290.2	283.0	281.4	279.3
Food away from home	327.2	325.5	324.8	314.5
Housing	329.2	327.4	327.0	317.9
Shelter	353.2	351.8	351.1	338.3
Rent, residential	242.9	242.0	241.3	232.2
Fuel and other utilities	376.0	370.6	371.3	365.4
Fuel oil, coal, and bottled gas	642.8	623.9	623.9	671.1
Gas (piped) and electricity	427.3	427.5	428.2	413.5
Household furnishings and operation	240.4	240.5	239.9	235.8
Apparel and upkeep	196.4	199.3	200.7	191.0
Men's and boys'	189.7	191.8	193.0	184.9
Women's and girls'	158.8	164.9	167.0	153.9
Footwear	206.7	207.9	209.1	204.8
Transportation	306.0	306.3	306.3	293.0
Private	300.9	301.8	301.7	288.4
Public	378.2	369.0	370.3	357.7
Medical care	369.5	366.2	364.9	347.8
Entertainment	249.9	249.5	249.5	241.5
Other goods and services	300.5	298.6	298.1	279.9
Personal care	266.9	266.3	265.6	256.1

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Highlights

Outlook Materials:

- Clothing and Textiles—Recent Trends
- Family Economic Outlook
- Consumer Spending
- Housing—
  - Quality and Affordability
  - Urban and Rural Characteristics